

# COMMITTEE REPORT

## MADAM PRESIDENT:

**The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1478, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:**

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 taxation and to make an appropriation.
- 4 Delete everything after the enacting clause and insert the following:
- 5 SECTION 1. IC 3-8-1-23.5 IS ADDED TO THE INDIANA CODE
- 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 7 1, 2007]: **Sec. 23.5. A candidate for election as a member of the**
- 8 **county board of tax and capital projects review in 2008 and**
- 9 **thereafter must have resided in the county for at least one (1) year**
- 10 **before the election.**
- 11 SECTION 2. IC 3-10-2-13 IS AMENDED TO READ AS
- 12 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. The following
- 13 public officials shall be elected at the general election before their
- 14 terms of office expire and every four (4) years thereafter:
- 15 (1) Clerk of the circuit court.
- 16 (2) County auditor.
- 17 (3) County recorder.
- 18 (4) County treasurer.
- 19 (5) County sheriff.
- 20 (6) County coroner.

- 1 (7) County surveyor.
- 2 (8) County assessor.
- 3 (9) County commissioner.
- 4 (10) County council member.
- 5 (11) Township trustee.
- 6 (12) Township board member.
- 7 (13) Township assessor.
- 8 (14) Judge of a small claims court.
- 9 (15) Constable of a small claims court.
- 10 **(16) Elected member of a county board of tax and capital**
- 11 **projects review.**
- 12 SECTION 3. IC 3-11-2-12, AS AMENDED BY P.L.2-2005,
- 13 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 14 JULY 1, 2007]: Sec. 12. The following offices shall be placed on the
- 15 general election ballot in the following order:
- 16 (1) Federal and state offices:
- 17 (A) President and Vice President of the United States.
- 18 (B) United States Senator.
- 19 (C) Governor and lieutenant governor.
- 20 (D) Secretary of state.
- 21 (E) Auditor of state.
- 22 (F) Treasurer of state.
- 23 (G) Attorney general.
- 24 (H) Superintendent of public instruction.
- 25 (I) United States Representative.
- 26 (2) Legislative offices:
- 27 (A) State senator.
- 28 (B) State representative.
- 29 (3) Circuit offices and county judicial offices:
- 30 (A) Judge of the circuit court, and unless otherwise specified
- 31 under IC 33, with each division separate if there is more than
- 32 one (1) judge of the circuit court.
- 33 (B) Judge of the superior court, and unless otherwise specified
- 34 under IC 33, with each division separate if there is more than
- 35 one (1) judge of the superior court.
- 36 (C) Judge of the probate court.
- 37 (D) Judge of the county court, with each division separate, as
- 38 required by IC 33-30-3-3.

- 1 (E) Prosecuting attorney.
- 2 (F) Clerk of the circuit court.
- 3 (4) County offices:
- 4 (A) County auditor.
- 5 (B) County recorder.
- 6 (C) County treasurer.
- 7 (D) County sheriff.
- 8 (E) County coroner.
- 9 (F) County surveyor.
- 10 (G) County assessor.
- 11 (H) County commissioner.
- 12 (I) County council member.
- 13 **(J) County board of tax and capital projects review**
- 14 **member.**
- 15 (5) Township offices:
- 16 (A) Township assessor.
- 17 (B) Township trustee.
- 18 (C) Township board member.
- 19 (D) Judge of the small claims court.
- 20 (E) Constable of the small claims court.
- 21 (6) City offices:
- 22 (A) Mayor.
- 23 (B) Clerk or clerk-treasurer.
- 24 (C) Judge of the city court.
- 25 (D) City-county council member or common council member.
- 26 (7) Town offices:
- 27 (A) Clerk-treasurer.
- 28 (B) Judge of the town court.
- 29 (C) Town council member.

30 SECTION 4. IC 4-10-18-8 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) Except as  
 32 provided in subsection (b), if the balance, at the end of a state fiscal  
 33 year, in the fund exceeds ~~seven~~ **ten** percent (~~7%~~) **(10%)** of the total  
 34 state general fund revenues for that state fiscal year, the excess is  
 35 appropriated from the fund to the property tax replacement fund  
 36 ~~established under IC 6-1.1-21.~~ **(before January 1, 2008) or to the**  
 37 **state general fund (after December 31, 2007).** The auditor of state  
 38 and the treasurer of state shall transfer the amount so appropriated from

the fund to the property tax replacement fund **(before January 1, 2008) or to the state general fund (after December 31, 2007)** during the immediately following state fiscal year.

(b) If an appropriation is made out of the fund under section 4 of this chapter for a state fiscal year during which a transfer is to be made from the fund to the property tax replacement fund **or state general fund**, the amount of the appropriation made under subsection (a) shall be reduced by the amount of the appropriation made under section 4 of this chapter. However, the amount of the appropriation made under subsection (a) may not be reduced to less than zero (0).

SECTION 5. IC 6-1.1-4-39.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 39.5. (a) As used in this section, "water based adult entertainment center" includes a riverboat (as defined in IC 4-33-2-17).**

**(b) For assessment dates after February 28, 2006, except as provided in subsection (c), the true tax value of real property regularly used as a water based adult entertainment center is the lowest valuation determined by applying each of the following appraisal approaches:**

**(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences using base prices determined under 50 IAC 2.3 and associated guidelines published by the department.**

**(2) Sales comparison approach, using data for generally comparable property, excluding values attributable to licenses, fees, or personal property as determined under 50 IAC 4.2.**

**(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.**

**(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal**

1 approaches listed in subsection (b) if the township assessor and the  
 2 taxpayer agree before notice of the assessment is given to the  
 3 taxpayer under section 22 of this chapter to the determination of  
 4 the true tax value of the property by the assessor using one (1) of  
 5 those appraisal approaches.

6 (d) To carry out this section, the department of local  
 7 government finance may adopt rules for assessors to use in  
 8 gathering and processing information for the application of the  
 9 income capitalization method. A taxpayer must verify under  
 10 penalties for perjury any information provided to the assessor for  
 11 use in the application of the income capitalization method.

12 SECTION 6. IC 6-1.1-12-37, AS AMENDED BY P.L.162-2006,  
 13 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 14 JULY 1, 2007]: Sec. 37. (a) Each year a person who is entitled to  
 15 receive the homestead credit provided under IC 6-1.1-20.9 for property  
 16 taxes payable in the following year is entitled to a standard deduction  
 17 from the assessed value of the real property, mobile home not assessed  
 18 as real property, or manufactured home not assessed as real property  
 19 that qualifies for the homestead credit. The auditor of the county shall  
 20 record and make the deduction for the person qualifying for the  
 21 deduction.

22 (b) Except as provided in section 40.5 of this chapter, the total  
 23 amount of the deduction that a person may receive under this section  
 24 for a particular year is the lesser of:

25 (1) ~~one-half (1/2)~~ **sixty percent (60%)** of the assessed value of  
 26 the real property, mobile home not assessed as real property, or  
 27 manufactured home not assessed as real property; or

28 (2) for property taxes first due and payable:

29 (A) before January 1, 2007, thirty-five thousand dollars  
 30 (\$35,000);

31 (B) after December 31, 2006, and before January 1, 2008,  
 32 forty-five thousand dollars (\$45,000); and

33 (C) after December 31, 2007, ~~thirty-five thousand dollars~~  
 34 ~~(\$35,000)~~ **fifty thousand dollars (\$50,000).**

35 (c) A person who has sold real property, a mobile home not assessed  
 36 as real property, or a manufactured home not assessed as real property  
 37 to another person under a contract that provides that the contract buyer  
 38 is to pay the property taxes on the real property, mobile home, or

1 manufactured home may not claim the deduction provided under this  
 2 section with respect to that real property, mobile home, or  
 3 manufactured home.

4 SECTION 7. IC 6-1.1-12.1-1, AS AMENDED BY P.L.154-2006,  
 5 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JULY 1, 2007]: Sec. 1. For purposes of this chapter:

7 (1) "Economic revitalization area" means an area which is within  
 8 the corporate limits of a city, town, or county which has become  
 9 undesirable for, or impossible of, normal development and  
 10 occupancy because of a lack of development, cessation of growth,  
 11 deterioration of improvements or character of occupancy, age,  
 12 obsolescence, substandard buildings, or other factors which have  
 13 impaired values or prevent a normal development of property or  
 14 use of property. The term "economic revitalization area" also  
 15 includes:

16 (A) any area where a facility or a group of facilities that are  
 17 technologically, economically, or energy obsolete are located  
 18 and where the obsolescence may lead to a decline in  
 19 employment and tax revenues; and

20 (B) a residentially distressed area, except as otherwise  
 21 provided in this chapter.

22 (2) "City" means any city in this state, and "town" means any town  
 23 incorporated under IC 36-5-1.

24 (3) "New manufacturing equipment" means tangible personal  
 25 property that a deduction applicant:

26 (A) installs after February 28, 1983, and on or before the  
 27 approval deadline determined under section 9 of this chapter,  
 28 in an area that is declared an economic revitalization area after  
 29 February 28, 1983, in which a deduction for tangible personal  
 30 property is allowed;

31 (B) uses in the direct production, manufacture, fabrication,  
 32 assembly, extraction, mining, processing, refining, or finishing  
 33 of other tangible personal property, including but not limited  
 34 to use to dispose of solid waste or hazardous waste by  
 35 converting the solid waste or hazardous waste into energy or  
 36 other useful products;

37 (C) acquires **for use as described in clause (B):**

38 (i) in an arms length transaction from an entity that is not an

1 affiliate of the deduction applicant ~~for use as described in~~  
 2 ~~clause (B); and if the tangible personal property has been~~  
 3 ~~previously used in Indiana before the installation~~  
 4 ~~described in clause (A); or~~

5 **(ii) in any other manner if the tangible personal property**  
 6 **has never been previously used in Indiana before the**  
 7 **installation described in clause (A); and**

8 (D) **has** never used for any purpose in Indiana before the  
 9 installation described in clause (A).

10 However, notwithstanding any other law, the term includes  
 11 tangible personal property that is used to dispose of solid waste or  
 12 hazardous waste by converting the solid waste or hazardous waste  
 13 into energy or other useful products and was installed after March  
 14 1, 1993, and before March 2, 1996, even if the property was  
 15 installed before the area where the property is located was  
 16 designated as an economic revitalization area or the statement of  
 17 benefits for the property was approved by the designating body.

18 (4) "Property" means a building or structure, but does not include  
 19 land.

20 (5) "Redevelopment" means the construction of new structures,  
 21 in economic revitalization areas, either:

22 (A) on unimproved real estate; or

23 (B) on real estate upon which a prior existing structure is  
 24 demolished to allow for a new construction.

25 (6) "Rehabilitation" means the remodeling, repair, or betterment  
 26 of property in any manner or any enlargement or extension of  
 27 property.

28 (7) "Designating body" means the following:

29 (A) For a county that does not contain a consolidated city, the  
 30 fiscal body of the county, city, or town.

31 (B) For a county containing a consolidated city, the  
 32 metropolitan development commission.

33 (8) "Deduction application" means:

34 (A) the application filed in accordance with section 5 of this  
 35 chapter by a property owner who desires to obtain the  
 36 deduction provided by section 3 of this chapter;

37 (B) the application filed in accordance with section 5.4 of this  
 38 chapter by a person who desires to obtain the deduction

- 1 provided by section 4.5 of this chapter; or
- 2 (C) the application filed in accordance with section 5.3 of this
- 3 chapter by a property owner that desires to obtain the
- 4 deduction provided by section 4.8 of this chapter.
- 5 (9) "Designation application" means an application that is filed
- 6 with a designating body to assist that body in making a
- 7 determination about whether a particular area should be
- 8 designated as an economic revitalization area.
- 9 (10) "Hazardous waste" has the meaning set forth in
- 10 IC 13-11-2-99(a). The term includes waste determined to be a
- 11 hazardous waste under IC 13-22-2-3(b).
- 12 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
- 13 However, the term does not include dead animals or any animal
- 14 solid or semisolid wastes.
- 15 (12) "New research and development equipment" means tangible
- 16 personal property that:
- 17 (A) a deduction applicant installs after June 30, 2000, and on
- 18 or before the approval deadline determined under section 9 of
- 19 this chapter, in an economic revitalization area in which a
- 20 deduction for tangible personal property is allowed;
- 21 (B) consists of:
- 22 (i) laboratory equipment;
- 23 (ii) research and development equipment;
- 24 (iii) computers and computer software;
- 25 (iv) telecommunications equipment; or
- 26 (v) testing equipment;
- 27 (C) the deduction applicant uses in research and development
- 28 activities devoted directly and exclusively to experimental or
- 29 laboratory research and development for new products, new
- 30 uses of existing products, or improving or testing existing
- 31 products;
- 32 (D) the deduction applicant acquires **for purposes described**
- 33 **in this subdivision:**
- 34 (i) in an arms length transaction from an entity that is not an
- 35 affiliate of the deduction applicant ~~for purposes described in~~
- 36 ~~this subdivision;~~ **and if the tangible personal property has**
- 37 **been previously used in Indiana before the installation**
- 38 **described in clause (A); or**



**(ii) in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and**

(E) the deduction applicant **has** never used for any purpose in Indiana before the installation described in clause (A).

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) a deduction applicant installs after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

- (i) racking equipment;
- (ii) scanning or coding equipment;
- (iii) separators;
- (iv) conveyors;
- (v) fork lifts or lifting equipment (including "walk behinds");
- (vi) transitional moving equipment;
- (vii) packaging equipment;
- (viii) sorting and picking equipment; or
- (ix) software for technology used in logistical distribution;

(C) the deduction applicant acquires **for the storage or distribution of goods, services, or information:**

**(i) in an arms length transaction from an entity that is not an affiliate of the deduction applicant ~~and uses for the storage or distribution of goods, services, or information; and if the tangible personal property has been previously used in Indiana before the installation described in clause (A); and~~**

**(ii) in any other manner if the tangible personal property has never been previously used in Indiana before the installation described in clause (A); and**

- 1 (D) the deduction applicant **has** never used for any purpose in  
 2 Indiana before the installation described in clause (A).  
 3 (14) "New information technology equipment" means tangible  
 4 personal property that:  
 5 (A) a deduction applicant installs after June 30, 2004, and on  
 6 or before the approval deadline determined under section 9 of  
 7 this chapter, in an economic revitalization area in which a  
 8 deduction for tangible personal property is allowed;  
 9 (B) consists of equipment, including software, used in the  
 10 fields of:  
 11 (i) information processing;  
 12 (ii) office automation;  
 13 (iii) telecommunication facilities and networks;  
 14 (iv) informatics;  
 15 (v) network administration;  
 16 (vi) software development; and  
 17 (vii) fiber optics;  
 18 (C) the deduction applicant acquires in an arms length  
 19 transaction from an entity that is not an affiliate of the  
 20 deduction applicant; and  
 21 (D) the deduction applicant never used for any purpose in  
 22 Indiana before the installation described in clause (A).  
 23 (15) "Deduction applicant" means an owner of tangible personal  
 24 property who makes a deduction application.  
 25 (16) "Affiliate" means an entity that effectively controls or is  
 26 controlled by a deduction applicant or is associated with a  
 27 deduction applicant under common ownership or control, whether  
 28 by shareholdings or other means.  
 29 (17) "Eligible vacant building" means a building that:  
 30 (A) is zoned for commercial or industrial purposes; and  
 31 (B) is unoccupied for at least one (1) year before the owner of  
 32 the building or a tenant of the owner occupies the building, as  
 33 evidenced by a valid certificate of occupancy, paid utility  
 34 receipts, executed lease agreements, or any other evidence of  
 35 occupation that the department of local government finance  
 36 requires.  
 37 SECTION 8. IC 6-1.1-17-3, AS AMENDED BY P.L.162-2006,  
 38 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

JULY 1, 2007]: Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. The political subdivision shall give notice by publication to taxpayers of:

- (1) the estimated budget;
- (2) the estimated maximum permissible levy;
- (3) the current and proposed tax levies of each fund; and
- (4) the amounts of excessive levy appeals to be requested.

In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing. Beginning in 2009, the duties required by this subsection must be completed before August 10 of the calendar year. A political subdivision shall provide the estimated budget and levy information required for the notice under subsection (b) to the county auditor on the schedule determined by the department of local government finance.

(b) Beginning in 2009, before August 10 of a calendar year, the county auditor shall mail to the last known address of each person liable for any property taxes, as shown on the tax duplicate, or to the last known address of the most recent owner shown in the transfer book, a statement that includes:

(1) the assessed valuation as of the assessment date in the current calendar year of tangible property on which the person will be liable for property taxes first due and payable in the immediately succeeding calendar year and notice to the person of the opportunity to appeal the assessed valuation under IC 6-1.1-15-1(b);

(2) the amount of property taxes for which the person will be liable to each political subdivision on the tangible property for taxes first due and payable in the immediately succeeding calendar year, taking into account all factors that affect that liability, including:

(A) the estimated budget and proposed tax rate and tax levy formulated by the political subdivision under subsection (a);

(B) any deductions or exemptions that apply to the assessed valuation of the tangible property;

- 1 (C) any credits that apply in the determination of the tax
- 2 liability; and
- 3 (D) the county auditor's best estimate of the effects on the tax
- 4 liability that might result from actions of:
- 5 (i) the county board of tax adjustment **(before January 1,**
- 6 **2009) or the county board of tax and capital projects**
- 7 **review (after December 31, 2008);** or
- 8 (ii) the department of local government finance;
- 9 (3) a prominently displayed notation that:
- 10 (A) the estimate under subdivision (2) is based on the best
- 11 information available at the time the statement is mailed; and
- 12 (B) based on various factors, including potential actions by:
- 13 (i) the county board of tax adjustment **(before January 1,**
- 14 **2009) or the county board of tax and capital projects**
- 15 **review (after December 31, 2008);** or
- 16 (ii) the department of local government finance;
- 17 it is possible that the tax liability as finally determined will
- 18 differ substantially from the estimate;
- 19 (4) comparative information showing the amount of property
- 20 taxes for which the person is liable to each political subdivision
- 21 on the tangible property for taxes first due and payable in the
- 22 current year; and
- 23 (5) the date, time, and place at which the political subdivision will
- 24 hold a public hearing on the political subdivision's estimated
- 25 budget and proposed tax rate and tax levy as required under
- 26 subsection (a).
- 27 (c) The department of local government finance shall:
- 28 (1) prescribe a form for; and
- 29 (2) provide assistance to county auditors in preparing;
- 30 statements under subsection (b). Mailing the statement described in
- 31 subsection (b) to a mortgagee maintaining an escrow account for a
- 32 person who is liable for any property taxes shall not be construed as
- 33 compliance with subsection (b).
- 34 (d) The board of directors of a solid waste management district
- 35 established under IC 13-21 or IC 13-9.5-2 (before its repeal) may
- 36 conduct the public hearing required under subsection (a):
- 37 (1) in any county of the solid waste management district; and
- 38 (2) in accordance with the annual notice of meetings published

1 under IC 13-21-5-2.

2 (e) The trustee of each township in the county shall estimate the  
3 amount necessary to meet the cost of township assistance in the  
4 township for the ensuing calendar year. The township board shall adopt  
5 with the township budget a tax rate sufficient to meet the estimated cost  
6 of township assistance. The taxes collected as a result of the tax rate  
7 adopted under this subsection are credited to the township assistance  
8 fund.

9 (f) A county shall adopt with the county budget and the department  
10 of local government finance shall certify under section 16 of this  
11 chapter a tax rate sufficient to raise the levy necessary to pay the  
12 following:

13 (1) The cost of child services (as defined in IC 12-19-7-1) of the  
14 county payable from the family and children's fund.

15 (2) The cost of children's psychiatric residential treatment  
16 services (as defined in IC 12-19-7.5-1) of the county payable from  
17 the children's psychiatric residential treatment services fund.

18 A budget, tax rate, or tax levy adopted by a county fiscal body or  
19 approved or modified by a county board of tax adjustment that is less  
20 than the levy necessary to pay the costs described in subdivision (1) or  
21 (2) shall not be treated as a final budget, tax rate, or tax levy under  
22 section 11 of this chapter.

23 SECTION 9. IC 6-1.1-17-5, AS AMENDED BY P.L.169-2006,  
24 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
25 JULY 1, 2007]: Sec. 5. (a) The officers of political subdivisions shall  
26 meet each year to fix the budget, tax rate, and tax levy of their  
27 respective subdivisions for the ensuing budget year as follows:

28 (1) The fiscal body of a consolidated city and county, not later  
29 than the last meeting of the fiscal body in September.

30 (2) The fiscal body of a municipality, not later than September 30.

31 (3) The board of school trustees of a school corporation that is  
32 located in a city having a population of more than one hundred  
33 five thousand (105,000) but less than one hundred twenty  
34 thousand (120,000), not later than:

35 (A) the time required in section 5.6(b) of this chapter; or

36 (B) September 20 if a resolution adopted under section 5.6(d)  
37 of this chapter is in effect.

38 (4) The proper officers of all other political subdivisions, not later

1 than September 20.

2 Except in a consolidated city and county and in a second class city, the  
3 public hearing required by section 3 of this chapter must be completed  
4 at least ten (10) days before the proper officers of the political  
5 subdivision meet to fix the budget, tax rate, and tax levy. In a  
6 consolidated city and county and in a second class city, that public  
7 hearing, by any committee or by the entire fiscal body, may be held at  
8 any time after introduction of the budget.

9 (b) Ten (10) or more taxpayers may object to a budget, tax rate, or  
10 tax levy of a political subdivision fixed under subsection (a) by filing  
11 an objection petition with the proper officers of the political  
12 subdivision not more than seven (7) days after the hearing. The  
13 objection petition must specifically identify the provisions of the  
14 budget, tax rate, and tax levy to which the taxpayers object.

15 (c) If a petition is filed under subsection (b), the fiscal body of the  
16 political subdivision shall adopt with its budget a finding concerning  
17 the objections in the petition and any testimony presented at the  
18 adoption hearing.

19 (d) This subsection does not apply to a school corporation. Each  
20 year at least two (2) days before the first meeting **after September 20**  
21 **of the county board of tax adjustment (before January 1, 2009) or the**  
22 **county board of tax and capital projects review (after December**  
23 **31, 2008)** held under IC 6-1.1-29-4, a political subdivision shall file  
24 with the county auditor:

25 (1) a statement of the tax rate and levy fixed by the political  
26 subdivision for the ensuing budget year;

27 (2) two (2) copies of the budget adopted by the political  
28 subdivision for the ensuing budget year; and

29 (3) two (2) copies of any findings adopted under subsection (c).

30 Each year the county auditor shall present these items to the county  
31 board of tax adjustment **(before January 1, 2009) or the county**  
32 **board of tax and capital projects review (after December 31, 2008)**  
33 at the board's first meeting **under IC 6-1.1-29-4 after September 20**  
34 **of that year.**

35 (e) In a consolidated city and county and in a second class city, the  
36 clerk of the fiscal body shall, notwithstanding subsection (d), file the  
37 adopted budget and tax ordinances with the county board of tax  
38 adjustment **(before January 1, 2009) or the county board of tax and**

1 **capital projects review (after December 31, 2008)** within two (2)  
 2 days after the ordinances are signed by the executive, or within two (2)  
 3 days after action is taken by the fiscal body to override a veto of the  
 4 ordinances, whichever is later.

5 (f) If a fiscal body does not fix the budget, tax rate, and tax levy of  
 6 the political subdivisions for the ensuing budget year as required under  
 7 this section, the most recent annual appropriations and annual tax levy  
 8 are continued for the ensuing budget year.

9 SECTION 10. IC 6-1.1-17-5.6 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5.6. (a) This section  
 11 applies only to a school corporation that is located in a city having a  
 12 population of more than one hundred five thousand (105,000) but less  
 13 than one hundred twenty thousand (120,000).

14 (b) Before February 1 of each year, the officers of the school  
 15 corporation shall meet to fix the budget for the school corporation for  
 16 the ensuing budget year, with notice given by the same officers.  
 17 However, if a resolution adopted under subsection (d) is in effect, the  
 18 officers shall meet to fix the budget for the ensuing budget year before  
 19 September 20.

20 (c) Each year, at least two (2) days before the first meeting **after**  
 21 **September 20** of the county board of tax adjustment (**before January**  
 22 **1, 2009) or the county board of tax and capital projects review**  
 23 **(after December 31, 2008)** held under IC 6-1.1-29-4, the school  
 24 corporation shall file with the county auditor:

25 (1) a statement of the tax rate and tax levy fixed by the school  
 26 corporation for the ensuing budget year;

27 (2) two (2) copies of the budget adopted by the school corporation  
 28 for the ensuing budget year; and

29 (3) any written notification from the department of local  
 30 government finance under section 16(i) of this chapter that  
 31 specifies a proposed revision, reduction, or increase in the budget  
 32 adopted by the school corporation for the ensuing budget year.

33 Each year the county auditor shall present these items to the county  
 34 board of tax adjustment (**before January 1, 2009) or the county**  
 35 **board of tax and capital projects review (after December 31, 2008)**  
 36 at the board's first meeting **after September 20 of that year.**

37 (d) The governing body of the school corporation may adopt a  
 38 resolution to cease using a school year budget year and return to using

a calendar year budget year. A resolution adopted under this subsection must be adopted after January 1 and before July 1. The school corporation's initial calendar year budget year following the adoption of a resolution under this subsection begins on January 1 of the year following the year the resolution is adopted. The first six (6) months of the initial calendar year budget for the school corporation must be consistent with the last six (6) months of the final school year budget fixed by the department of local government finance before the adoption of a resolution under this subsection.

(e) A resolution adopted under subsection (d) may be rescinded by a subsequent resolution adopted by the governing body. If the governing body of the school corporation rescinds a resolution adopted under subsection (d) and returns to a school year budget year, the school corporation's initial school year budget year begins on July 1 following the adoption of the rescinding resolution and ends on June 30 of the following year. The first six (6) months of the initial school year budget for the school corporation must be consistent with the last six (6) months of the last calendar year budget fixed by the department of local government finance before the adoption of a rescinding resolution under this subsection.

SECTION 11. IC 6-1.1-17-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall review the budget, tax rate, and tax levy of each political subdivision filed with the county auditor under section 5 or 5.6 of this chapter. The board shall revise or reduce, but not increase, any budget, tax rate, or tax levy in order:

(1) to limit the tax rate to the maximum amount permitted under IC 6-1.1-18; and

(2) to limit the budget to the amount of revenue to be available in the ensuing budget year for the political subdivision.

(b) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall make a revision or reduction in a political subdivision's budget only with respect to the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.



(c) When the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** makes a revision or reduction in a budget, tax rate, or tax levy, it shall file with the county auditor a written order which indicates the action taken. If the board reduces the budget, it shall also indicate the reason for the reduction in the order. The chairman of the county board shall sign the order.

SECTION 12. IC 6-1.1-17-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. If the boundaries of a political subdivision cross one (1) or more county lines, the budget, tax levy, and tax rate fixed by the political subdivision shall be filed with the county auditor of each affected county in the manner prescribed in section 5 or 5.6 of this chapter. The board of tax adjustment of the county which contains the largest portion of the value of property taxable by the political subdivision, as determined from the abstracts of taxable values last filed with the auditor of state, has jurisdiction over the budget, tax rate, and tax levy to the same extent as if the property taxable by the political subdivision were wholly within the county. The secretary of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall notify the county auditor of each affected county of the action of the board. Appeals from actions of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may be initiated in any affected county.

SECTION 13. IC 6-1.1-17-8, AS AMENDED BY P.L.2-2006, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) If the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** determines that the maximum aggregate tax rate permitted within a political subdivision under IC 6-1.1-18 is inadequate, the county board shall, subject to the limitations prescribed in IC 20-45-4, file its written recommendations in duplicate with the county auditor. The board shall include with its recommendations:

- (1) an analysis of the aggregate tax rate within the political subdivision;
- (2) a recommended breakdown of the aggregate tax rate among

the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision; and

(3) any other information that the county board considers relevant to the matter.

(b) The county auditor shall forward one (1) copy of the county board's recommendations to the department of local government finance and shall retain the other copy in the county auditor's office. The department of local government finance shall, in the manner prescribed in section 16 of this chapter, review the budgets by fund, tax rates, and tax levies of the political subdivisions described in subsection (a)(2).

SECTION 14. IC 6-1.1-17-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall complete the duties assigned to it under this chapter on or before October 1st of each year, except that in a consolidated city and county and in a county containing a second class city, the duties of this board need not be completed until November 1 of each year.

(b) If the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** fails to complete the duties assigned to it within the time prescribed in this section or to reduce aggregate tax rates so that they do not exceed the maximum rates permitted under IC 6-1.1-18, the county auditor shall calculate and fix the tax rate within each political subdivision of the county so that the maximum rate permitted under IC 6-1.1-18 is not exceeded.

(c) When the county auditor calculates and fixes tax rates, ~~he the~~ **county auditor** shall send a certificate notice of ~~the rate he has fixed those rates~~ to each political subdivision of the county. ~~He~~ **The county auditor** shall send these notices within five (5) days after publication of the notice required by section 12 of this chapter.

(d) When the county auditor calculates and fixes tax rates, ~~his that~~ action shall be treated as if it were the action of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**.

SECTION 15. IC 6-1.1-17-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. When the aggregate

1 tax rate within a political subdivision, as approved or modified by the  
 2 county board of tax adjustment **(before January 1, 2009) or the**  
 3 **county board of tax and capital projects review (after December**  
 4 **31, 2008)**, exceeds the maximum aggregate tax rate prescribed in  
 5 IC 6-1.1-18-3(a), the county auditor shall certify the budgets, tax rates,  
 6 and tax levies of the political subdivisions whose tax rates compose the  
 7 aggregate tax rate within the political subdivision, as approved or  
 8 modified by the county board, to the department of local government  
 9 finance for final review. For purposes of this section, the maximum  
 10 aggregate tax rate limit exceptions provided in IC 6-1.1-18-3(b) do not  
 11 apply.

12 SECTION 16. IC 6-1.1-17-11 IS AMENDED TO READ AS  
 13 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. A budget, tax rate,  
 14 or tax levy of a political subdivision, as approved or modified by the  
 15 county board of tax adjustment **(before January 1, 2009) or the**  
 16 **county board of tax and capital projects review (after December**  
 17 **31, 2008)**, is final unless:

- 18 (1) action is taken by the county auditor in the manner provided
- 19 under section 9 of this chapter;
- 20 (2) the action of the county board is subject to review by the
- 21 department of local government finance under section 8 or 10 of
- 22 this chapter; or
- 23 (3) an appeal to the department of local government finance is
- 24 initiated with respect to the budget, tax rate, or tax levy.

25 SECTION 17. IC 6-1.1-17-12 IS AMENDED TO READ AS  
 26 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. As soon as the  
 27 budgets, tax rates, and tax levies are approved or modified by the  
 28 county board of tax adjustment **(before January 1, 2009) or the**  
 29 **county board of tax and capital projects review (after December**  
 30 **31, 2008)**, the county auditor shall within fifteen (15) days prepare a  
 31 notice of the tax rates to be charged on each one hundred dollars (\$100)  
 32 of assessed valuation for the various funds in each taxing district. The  
 33 notice shall also inform the taxpayers of the manner in which they may  
 34 initiate an appeal of the county board's action. The county auditor shall  
 35 post the notice at the county courthouse and publish it in two (2)  
 36 newspapers which represent different political parties and which have  
 37 a general circulation in the county.

38 SECTION 18. IC 6-1.1-17-14, AS AMENDED BY P.L.234-2005,

SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. The county auditor shall initiate an appeal to the department of local government finance if the county fiscal body, ~~or~~ the county board of tax adjustment **(before January 1, 2009), or the county board of tax and capital projects review (after December 31, 2008)** reduces:

- (1) a township assistance tax rate below the rate necessary to meet the estimated cost of township assistance;
- (2) a family and children's fund tax rate below the rate necessary to collect the levy recommended by the department of child services; or
- (3) a children's psychiatric residential treatment services fund tax rate below the rate necessary to collect the levy recommended by the department of child services.

SECTION 19. IC 6-1.1-17-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. A political subdivision may appeal to the department of local government finance for an increase in its tax rate or tax levy as fixed by the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or the county auditor. To initiate the appeal, the political subdivision must file a statement with the department of local government finance not later than ten (10) days after publication of the notice required by section 12 of this chapter. The legislative body of the political subdivision must authorize the filing of the statement by adopting a resolution. The resolution must be attached to the statement of objections, and the statement must be signed by the following officers:

- (1) In the case of counties, by the board of county commissioners and by the president of the county council.
- (2) In the case of all other political subdivisions, by the highest executive officer and by the presiding officer of the legislative body.

SECTION 20. IC 6-1.1-18-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The state may not impose a tax rate on tangible property in excess of thirty-three hundredths of one cent (\$0.0033) on each one hundred dollars (\$100) of assessed valuation. The state tax rate is not subject to review by county boards of tax adjustment **(before January 1, 2009), the county**

**board of tax and capital projects review (after December 31, 2008),**  
 or county auditors. This section does not apply to political subdivisions  
 of the state.

SECTION 21. IC 6-1.1-18-3, AS AMENDED BY P.L.2-2006,  
 SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 JULY 1, 2007]: Sec. 3. (a) Except as provided in subsection (b), the  
 sum of all tax rates for all political subdivisions imposed on tangible  
 property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents (\$0.4167) on each  
 one hundred dollars (\$100) of assessed valuation in territory  
 outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each  
 one hundred dollars (\$100) of assessed valuation in territory  
 inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates  
 which are sufficient to provide funds for the purposes itemized in this  
 subsection. The portion of a tax rate fixed by a political subdivision  
 shall not be considered in computing the tax rate limits prescribed in  
 subsection (a) if that portion is to be used for one (1) of the following  
 purposes:

(1) To pay the principal or interest on a funding, refunding, or  
 judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation  
 issued by the political subdivision if notice of the sale of the  
 obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an  
 emergency which results from a flood, fire, pestilence, war, or  
 any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22,  
 IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county  
 to acquire necessary equipment or facilities for municipal or  
 county government.

(4) To pay the principal or interest upon an obligation issued in  
 the manner provided in IC 6-1.1-20-3 (before its repeal) or  
 IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the family and children's fund for

1 child services (as defined in IC 12-19-7-1).

2 (7) To meet the requirements of the county hospital care for the  
3 indigent fund.

4 (8) To meet the requirements of the children's psychiatric  
5 residential treatment services fund for children's psychiatric  
6 residential treatment services (as defined in IC 12-19-7.5-1).

7 (c) Except as otherwise provided in IC 6-1.1-19, IC 6-1.1-18.5,  
8 IC 20-45, or IC 20-46, a county board of tax adjustment **(before**  
9 **January 1, 2009), the county board of tax and capital projects**  
10 **review (after December 31, 2008),** a county auditor, or the department  
11 of local government finance may review the portion of a tax rate  
12 described in subsection (b) only to determine if it exceeds the portion  
13 actually needed to provide for one (1) of the purposes itemized in that  
14 subsection.

15 SECTION 22. IC 6-1.1-18.5-3 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as  
17 otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit  
18 that is treated as not being located in an adopting county under section  
19 4 of this chapter may not impose an ad valorem property tax levy for an  
20 ensuing calendar year that exceeds the amount determined in the last  
21 STEP of the following STEPS:

22 STEP ONE: Add the civil taxing unit's maximum permissible ad  
23 valorem property tax levy for the preceding calendar year to the  
24 part of the civil taxing unit's certified share, if any, that was used  
25 to reduce the civil taxing unit's ad valorem property tax levy under  
26 STEP EIGHT of subsection (b) for that preceding calendar year.  
27 STEP TWO: Multiply the amount determined in STEP ONE by  
28 the amount determined in the last STEP of section 2(b) of this  
29 chapter.

30 STEP THREE: Determine the lesser of one and fifteen hundredths  
31 (1.15) or the quotient (rounded to the nearest ten-thousandth  
32 (0.0001)), of the assessed value of all taxable property subject to  
33 the civil taxing unit's ad valorem property tax levy for the ensuing  
34 calendar year, divided by the assessed value of all taxable  
35 property that is subject to the civil taxing unit's ad valorem  
36 property tax levy for the ensuing calendar year and that is  
37 contained within the geographic area that was subject to the civil  
38 taxing unit's ad valorem property tax levy in the preceding

1           calendar year.

2           STEP FOUR: Determine the greater of the amount determined in

3           STEP THREE or one (1).

4           STEP FIVE: Multiply the amount determined in STEP TWO by

5           the amount determined in STEP FOUR.

6           STEP SIX: Add the amount determined under STEP TWO to the

7           amount determined under subsection (c).

8           STEP SEVEN: Determine the greater of the amount determined

9           under STEP FIVE or the amount determined under STEP SIX.

10          (b) Except as otherwise provided in this chapter and IC 6-3.5-8-12,

11          a civil taxing unit that is treated as being located in an adopting county

12          under section 4 of this chapter may not impose an ad valorem property

13          tax levy for an ensuing calendar year that exceeds the amount

14          determined in the last STEP of the following STEPS:

15               STEP ONE: Add the civil taxing unit's maximum permissible ad

16               valorem property tax levy for the preceding calendar year to the

17               part of the civil taxing unit's certified share, if any, used to reduce

18               the civil taxing unit's ad valorem property tax levy under STEP

19               EIGHT of this subsection for that preceding calendar year.

20               STEP TWO: Multiply the amount determined in STEP ONE by

21               the amount determined in the last STEP of section 2(b) of this

22               chapter.

23               STEP THREE: Determine the lesser of one and fifteen hundredths

24               (1.15) or the quotient of the assessed value of all taxable property

25               subject to the civil taxing unit's ad valorem property tax levy for

26               the ensuing calendar year divided by the assessed value of all

27               taxable property that is subject to the civil taxing unit's ad

28               valorem property tax levy for the ensuing calendar year and that

29               is contained within the geographic area that was subject to the

30               civil taxing unit's ad valorem property tax levy in the preceding

31               calendar year.

32               STEP FOUR: Determine the greater of the amount determined in

33               STEP THREE or one (1).

34               STEP FIVE: Multiply the amount determined in STEP TWO by

35               the amount determined in STEP FOUR.

36               STEP SIX: Add the amount determined under STEP TWO to the

37               amount determined under subsection (c).

38               STEP SEVEN: Determine the greater of the amount determined

1 under STEP FIVE or the amount determined under STEP SIX.

2 STEP EIGHT: Subtract the amount determined under STEP FIVE  
3 of subsection (e) from the amount determined under STEP  
4 SEVEN of this subsection.

5 (c) If a civil taxing unit in the immediately preceding calendar year  
6 provided an area outside its boundaries with services on a contractual  
7 basis and in the ensuing calendar year that area has been annexed by  
8 the civil taxing unit, the amount to be entered under STEP SIX of  
9 subsection (a) or STEP SIX of subsection (b), as the case may be,  
10 equals the amount paid by the annexed area during the immediately  
11 preceding calendar year for services that the civil taxing unit must  
12 provide to that area during the ensuing calendar year as a result of the  
13 annexation. In all other cases, the amount to be entered under STEP  
14 SIX of subsection (a) or STEP SIX of subsection (b), as the case may  
15 be, equals zero (0).

16 (d) This subsection applies only to civil taxing units located in a  
17 county having a county adjusted gross income tax rate for resident  
18 county taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as  
19 of January 1 of the ensuing calendar year. For each civil taxing unit, the  
20 amount to be added to the amount determined in subsection (e), STEP  
21 FOUR, is determined using the following formula:

22 STEP ONE: Multiply the civil taxing unit's maximum permissible  
23 ad valorem property tax levy for the preceding calendar year by  
24 two percent (2%).

25 STEP TWO: For the determination year, the amount to be used as  
26 the STEP TWO amount is the amount determined in subsection  
27 (f) for the civil taxing unit. For each year following the  
28 determination year the STEP TWO amount is the lesser of:

29 (A) the amount determined in STEP ONE; or

30 (B) the amount determined in subsection (f) for the civil taxing  
31 unit.

32 STEP THREE: Determine the greater of:

33 (A) zero (0); or

34 (B) the civil taxing unit's certified share for the ensuing  
35 calendar year minus the greater of:

36 (i) the civil taxing unit's certified share for the calendar year  
37 that immediately precedes the ensuing calendar year; or

38 (ii) the civil taxing unit's base year certified share.



- 1 STEP FOUR: Determine the greater of:
- 2 (A) zero (0); or
- 3 (B) the amount determined in STEP TWO minus the amount
- 4 determined in STEP THREE.
- 5 Add the amount determined in STEP FOUR to the amount determined
- 6 in subsection (e), STEP THREE, as provided in subsection (e), STEP
- 7 FOUR.
- 8 (e) For each civil taxing unit, the amount to be subtracted under
- 9 subsection (b), STEP EIGHT, is determined using the following
- 10 formula:
- 11 STEP ONE: Determine the lesser of the civil taxing unit's base
- 12 year certified share for the ensuing calendar year, as determined
- 13 under section 5 of this chapter, or the civil taxing unit's certified
- 14 share for the ensuing calendar year.
- 15 STEP TWO: Determine the greater of:
- 16 (A) zero (0); or
- 17 (B) the remainder of:
- 18 (i) the amount of federal revenue sharing money that was
- 19 received by the civil taxing unit in 1985; minus
- 20 (ii) the amount of federal revenue sharing money that will be
- 21 received by the civil taxing unit in the year preceding the
- 22 ensuing calendar year.
- 23 STEP THREE: Determine the lesser of:
- 24 (A) the amount determined in STEP TWO; or
- 25 (B) the amount determined in subsection (f) for the civil taxing
- 26 unit.
- 27 STEP FOUR: Add the amount determined in subsection (d),
- 28 STEP FOUR, to the amount determined in STEP THREE.
- 29 STEP FIVE: Subtract the amount determined in STEP FOUR
- 30 from the amount determined in STEP ONE.
- 31 (f) As used in this section, a taxing unit's "determination year"
- 32 means the latest of:
- 33 (1) calendar year 1987, if the taxing unit is treated as being
- 34 located in an adopting county for calendar year 1987 under
- 35 section 4 of this chapter;
- 36 (2) the taxing unit's base year, as defined in section 5 of this
- 37 chapter, if the taxing unit is treated as not being located in an
- 38 adopting county for calendar year 1987 under section 4 of this

chapter; or

(3) the ensuing calendar year following the first year that the taxing unit is located in a county that has a county adjusted gross income tax rate of more than one-half percent (0.5%) on July 1 of that year.

The amount to be used in subsections (d) and (e) for a taxing unit depends upon the taxing unit's certified share for the ensuing calendar year, the taxing unit's determination year, and the county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of the year preceding the ensuing calendar year. For the determination year and the ensuing calendar years following the taxing unit's determination year, the amount is the taxing unit's certified share for the ensuing calendar year multiplied by the appropriate factor prescribed in the following table:

COUNTIES WITH A TAX RATE OF 1/2%

Subsection (e)

Year	Factor
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For the determination year and each ensuing calendar year following the determination year . . . . .	0
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COUNTIES WITH A TAX RATE OF 3/4%

Subsection (e)

Year	Factor
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For the determination year and each ensuing calendar year following the determination year . . . . .	1/2
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COUNTIES WITH A TAX RATE OF 1.0%

	Subsection (d)	Subsection (e)
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Year	Factor	Factor
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For the determination year . . . . .	1/6	1/3
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For the ensuing calendar year following the determination year . . . . .	1/4	1/3
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For the ensuing calendar year following the determination year by two (2) years . . . . .	1/3	1/3
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**(g) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a civil taxing unit that is located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a**

particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter and except as provided in subsection (h), the maximum permissible ad valorem property tax levy calculated under this section for the ensuing calendar year for a civil taxing unit subject to this section is equal to the civil taxing unit's maximum permissible ad valorem property tax levy for the current calendar year.

(h) This subsection applies only to property taxes first due and payable after December 31, 2007. In the case of a civil taxing unit that:

(1) is partially located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30; and

(2) is partially located in a county that is not described in subdivision (1);

the department of local government finance shall, notwithstanding subsection (g), adjust the portion of the civil taxing unit's maximum permissible ad valorem property tax levy that is attributable (as determined by the department of local government finance) to the county or counties described in subdivision (2). The department of local government finance shall adjust this portion of the civil taxing unit's maximum permissible ad valorem property tax levy so that, notwithstanding subsection (g), this portion is allowed to increase as otherwise provided in this section. If the department of local government finance increases the civil taxing unit's maximum permissible ad valorem property tax levy under this subsection, any additional property taxes imposed by the civil taxing unit under the adjustment shall be paid only by the taxpayers in the county or counties described in subdivision (2).

SECTION 23. IC 6-1.1-18.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) A civil taxing unit is not subject to the levy limits imposed by section 3 of this chapter for an ensuing calendar year if the civil taxing unit did not adopt an ad valorem property tax levy for the immediately preceding calendar year.

(b) If under subsection (a) a civil taxing unit is not subject to the levy limits imposed under section 3 of this chapter for a calendar year, the civil taxing unit shall refer its proposed budget, ad valorem property tax levy, and property tax rate for that calendar year to the local government tax control board established by section 11 of this chapter **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** before the tax levy is advertised. The local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** shall then review and make a recommendation to the department of local government finance on the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. The department of local government finance shall make a final determination of the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. However, a civil taxing unit may not impose a property tax levy for a year if the unit did not exist as of March 1 of the preceding year.

SECTION 24. IC 6-1.1-18.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed by a civil taxing unit if the civil taxing unit is committed to levy the taxes to pay or fund either:

- (1) bonded indebtedness; or
- (2) lease rentals under a lease with an original term of at least five (5) years.

(b) **This subsection does not apply to bonded indebtedness incurred or leases executed for a capital project approved by a county board of tax and capital projects review under IC 6-1.1-29.5 after December 31, 2008.** A civil taxing unit must file a petition requesting approval from the department of local government finance to incur bonded indebtedness or execute a lease with an original term of at least five (5) years not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under IC 6-1.1-20-3.1(2), unless the civil taxing unit demonstrates that a longer period is reasonable in light of the civil taxing unit's facts and circumstances. A civil taxing unit must obtain approval from the department of local government finance before the civil taxing unit

1 may:

2 (1) incur the bonded indebtedness; or

3 (2) enter into the lease.

4 **Before January 1, 2009**, the department of local government finance  
5 may seek recommendations from the local government tax control  
6 board established by section 11 of this chapter when determining  
7 whether to authorize incurring the bonded indebtedness or the  
8 execution of the lease.

9 (c) The department of local government finance shall render a  
10 decision within three (3) months after the date it receives a request for  
11 approval under subsection (b). However, the department of local  
12 government finance may extend this three (3) month period by an  
13 additional three (3) months if, at least ten (10) days before the end of  
14 the original three (3) month period, the department sends notice of the  
15 extension to the executive officer of the civil taxing unit. A civil taxing  
16 unit may petition for judicial review of the final determination of the  
17 department of local government finance under this section. The petition  
18 must be filed in the tax court not more than forty-five (45) days after  
19 the department enters its order under this section.

20 (d) A civil taxing unit does not need approval under subsection (b)  
21 to obtain temporary loans made in anticipation of and to be paid from  
22 current revenues of the civil taxing unit actually levied and in the  
23 course of collection for the fiscal year in which the loans are made.

24 (e) For purposes of computing the ad valorem property tax levy  
25 limits imposed on a civil taxing unit by section 3 of this chapter, the  
26 civil taxing unit's ad valorem property tax levy for a calendar year does  
27 not include that part of its levy that is committed to fund or pay bond  
28 indebtedness or lease rentals with an original term of five (5) years in  
29 subsection (a).

30 (f) A taxpayer may petition for judicial review of the final  
31 determination of the department of local government finance under this  
32 section. The petition must be filed in the tax court not more than thirty  
33 (30) days after the department enters its order under this section.

34 SECTION 25. IC 6-1.1-18.5-11 IS AMENDED TO READ AS  
35 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) A local  
36 government tax control board is established. The board consists of nine  
37 (9) members, seven (7) of whom are voting members and two (2) of  
38 whom are nonvoting members.

- 1 (b) The seven (7) voting members shall be appointed as follows:
- 2 (1) One (1) member appointed by the state board of accounts.
- 3 (2) One (1) member appointed by the department of local
- 4 government finance.
- 5 (3) Five (5) members appointed by the governor. Three (3) of the
- 6 members appointed by the governor must be citizens of Indiana
- 7 who do not hold a political or elective office in state or local
- 8 government. The governor may seek the recommendation of
- 9 representatives of the cities, towns, and counties before
- 10 appointing the other two (2) members to the board.
- 11 (c) The two (2) nonvoting members of the board shall be appointed
- 12 as follows:
- 13 (1) One (1) member of the house of representatives, appointed by
- 14 the speaker of the house.
- 15 (2) One (1) member of the senate, appointed by the president pro
- 16 tempore of the senate.
- 17 (d) All members of the local government tax control board shall
- 18 serve at the will of the board or person that appointed them.
- 19 (e) The local government tax control board shall annually hold an
- 20 organizational meeting. At this organizational meeting the board shall
- 21 elect a chairman and a secretary from its membership. The board shall
- 22 meet after each organizational meeting as often as its business requires.
- 23 (f) The department of local government finance shall provide the
- 24 local government tax control board with rooms, staff, and secretarial
- 25 assistance for its meetings.
- 26 (g) Members of the local government tax control board shall serve
- 27 without compensation, except as provided in subsections (h) and (i).
- 28 (h) Each member of the local government tax control board who is
- 29 not a state employee is entitled to receive both of the following:
- 30 (1) The minimum salary per diem provided by IC 4-10-11-2.1(b).
- 31 (2) Reimbursement for travel expenses and other expenses
- 32 actually incurred in connection with the member's duties, as
- 33 provided in the state travel policies and procedures established by
- 34 the Indiana department of administration and approved by the
- 35 budget agency.
- 36 (i) Each member of the local government tax control board who is
- 37 a state employee is entitled to reimbursement for travel expenses and
- 38 other expenses actually incurred in connection with the member's

1 duties, as provided in the state travel policies and procedures  
 2 established by the Indiana department of administration and approved  
 3 by the budget agency.

4 **(j) The local government tax control board is abolished**  
 5 **December 31, 2008.**

6 SECTION 26. IC 6-1.1-18.5-12, AS AMENDED BY P.L.67-2006,  
 7 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8 JULY 1, 2007]: Sec. 12. (a) Any civil taxing unit that determines that  
 9 it cannot carry out its governmental functions for an ensuing calendar  
 10 year under the levy limitations imposed by section 3 of this chapter  
 11 may:

12 (1) before September 20 of the calendar year immediately  
 13 preceding the ensuing calendar year; or

14 (2) in the case of a request described in section 16 of this chapter,  
 15 before:

16 (A) December 31 of the calendar year immediately preceding  
 17 the ensuing calendar year; or

18 (B) with the approval of the county fiscal body of the county  
 19 in which the civil taxing unit is located, March 1 of the  
 20 ensuing calendar year;

21 appeal to the department of local government finance for relief from  
 22 those levy limitations. In the appeal the civil taxing unit must state that  
 23 it will be unable to carry out the governmental functions committed to  
 24 it by law unless it is given the authority that it is petitioning for. The  
 25 civil taxing unit must support these allegations by reasonably detailed  
 26 statements of fact.

27 (b) The department of local government finance shall promptly  
 28 deliver to the local government tax control board **(before January 1,**  
 29 **2009) or the county board of tax and capital projects review (after**  
 30 **December 31, 2008)** every appeal petition it receives under subsection  
 31 (a) and any materials it receives relevant to those appeals. Upon receipt  
 32 of an appeal petition, the local government tax control board **or the**  
 33 **county board of tax and capital projects review** shall immediately  
 34 proceed to the examination and consideration of the merits of the civil  
 35 taxing unit's appeal.

36 (c) In considering an appeal, the local government tax control board  
 37 **or the county board of tax and capital projects review** has the power  
 38 to conduct hearings, require any officer or member of the appealing

1 civil taxing unit to appear before it, or require any officer or member  
 2 of the appealing civil taxing unit to provide the board with any relevant  
 3 records or books.

4 (d) If an officer or member:

5 (1) fails to appear at a hearing of the local government tax control  
 6 board **or the county board of tax and capital projects review**  
 7 after having been given written notice from the local government  
 8 tax control board **or the county board of tax and capital**  
 9 **projects review** requiring that person's attendance; or

10 (2) fails to produce for the local government tax control board's  
 11 **or the county board of tax and capital projects review's** use  
 12 the books and records that the local government tax control board  
 13 **or the county board of tax and capital projects review** by  
 14 written notice required the officer or member to produce;

15 then the local government tax control board **or the county board of**  
 16 **tax and capital projects review** may file an affidavit in the circuit  
 17 court in the jurisdiction in which the officer or member may be found  
 18 setting forth the facts of the failure.

19 (e) Upon the filing of an affidavit under subsection (d), the circuit  
 20 court shall promptly issue a summons, and the sheriff of the county  
 21 within which the circuit court is sitting shall serve the summons. The  
 22 summons must command the officer or member to appear before the  
 23 local government tax control board **or the county board of tax and**  
 24 **capital projects review**, to provide information to the local  
 25 government tax control board **or the county board of tax and capital**  
 26 **projects review**, or to produce books and records for the local  
 27 government tax control board's **or the county board of tax and**  
 28 **capital projects review's** use, as the case may be. Disobedience of the  
 29 summons constitutes, and is punishable as, a contempt of the circuit  
 30 court that issued the summons.

31 (f) All expenses incident to the filing of an affidavit under  
 32 subsection (d) and the issuance and service of a summons shall be  
 33 charged to the officer or member against whom the summons is issued,  
 34 unless the circuit court finds that the officer or member was acting in  
 35 good faith and with reasonable cause. If the circuit court finds that the  
 36 officer or member was acting in good faith and with reasonable cause  
 37 or if an affidavit is filed and no summons is issued, the expenses shall  
 38 be charged against the county in which the affidavit was filed and shall



1 be allowed by the proper fiscal officers of that county.

2 (g) The fiscal officer of a civil taxing unit that appeals under section  
3 16 of this chapter for relief from levy limitations shall immediately file  
4 a copy of the appeal petition with the county auditor and the county  
5 treasurer of the county in which the unit is located.

6 SECTION 27. IC 6-1.1-18.5-13, AS AMENDED BY P.L.154-2006,  
7 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 2007]: Sec. 13. With respect to an appeal filed under section  
9 12 of this chapter, the local government tax control board **(before**  
10 **January 1, 2009) or the county board of tax and capital projects**  
11 **review (after December 31, 2008)** may recommend that a civil taxing  
12 unit receive any one (1) or more of the following types of relief:

13 (1) **A levy increase may not be granted under this subdivision**  
14 **for property taxes first due and payable after December 31,**  
15 **2009.** Permission to the civil taxing unit to increase its levy in  
16 excess of the limitations established under section 3 of this  
17 chapter, if in the judgment of the local government tax control  
18 board the increase is reasonably necessary due to increased costs  
19 of the civil taxing unit resulting from annexation, consolidation,  
20 or other extensions of governmental services by the civil taxing  
21 unit to additional geographic areas or persons.

22 (2) **A levy increase may not be granted under this subdivision**  
23 **for property taxes first due and payable after December 31,**  
24 **2009.** Permission to the civil taxing unit to increase its levy in  
25 excess of the limitations established under section 3 of this  
26 chapter, if the local government tax control board finds that the  
27 civil taxing unit needs the increase to meet the civil taxing unit's  
28 share of the costs of operating a court established by statute  
29 enacted after December 31, 1973. Before recommending such an  
30 increase, the local government tax control board shall consider all  
31 other revenues available to the civil taxing unit that could be  
32 applied for that purpose. The maximum aggregate levy increases  
33 that the local government tax control board may recommend for  
34 a particular court equals the civil taxing unit's estimate of the  
35 unit's share of the costs of operating a court for the first full  
36 calendar year in which it is in existence. For purposes of this  
37 subdivision, costs of operating a court include:

38 (A) the cost of personal services (including fringe benefits);

1 (B) the cost of supplies; and  
 2 (C) any other cost directly related to the operation of the court.  
 3 (3) Permission to the civil taxing unit to increase its levy in excess  
 4 of the limitations established under section 3 of this chapter, if the  
 5 local government tax control board finds that the quotient  
 6 determined under STEP SIX of the following formula is equal to  
 7 or greater than one and two-hundredths (1.02):  
 8 STEP ONE: Determine the three (3) calendar years that most  
 9 immediately precede the ensuing calendar year and in which  
 10 a statewide general reassessment of real property does not first  
 11 become effective.  
 12 STEP TWO: Compute separately, for each of the calendar  
 13 years determined in STEP ONE, the quotient (rounded to the  
 14 nearest ten-thousandth (0.0001)) of the sum of the civil taxing  
 15 unit's total assessed value of all taxable property and the total  
 16 assessed value of property tax deductions in the unit under  
 17 IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar  
 18 year, divided by the sum of the civil taxing unit's total assessed  
 19 value of all taxable property and the total assessed value of  
 20 property tax deductions in the unit under IC 6-1.1-12-41 or  
 21 IC 6-1.1-12-42 in the calendar year immediately preceding the  
 22 particular calendar year.  
 23 STEP THREE: Divide the sum of the three (3) quotients  
 24 computed in STEP TWO by three (3).  
 25 STEP FOUR: Compute separately, for each of the calendar  
 26 years determined in STEP ONE, the quotient (rounded to the  
 27 nearest ten-thousandth (0.0001)) of the sum of the total  
 28 assessed value of all taxable property in all counties and the  
 29 total assessed value of property tax deductions in all counties  
 30 under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular  
 31 calendar year, divided by the sum of the total assessed value  
 32 of all taxable property in all counties and the total assessed  
 33 value of property tax deductions in all counties under  
 34 IC 6-1.1-12-41 or IC 6-1.1-12-42 in the calendar year  
 35 immediately preceding the particular calendar year.  
 36 STEP FIVE: Divide the sum of the three (3) quotients  
 37 computed in STEP FOUR by three (3).  
 38 STEP SIX: Divide the STEP THREE amount by the STEP

1 FIVE amount.

2 The civil taxing unit may increase its levy by a percentage not  
3 greater than the percentage by which the STEP THREE amount  
4 exceeds the percentage by which the civil taxing unit may  
5 increase its levy under section 3 of this chapter based on the  
6 assessed value growth quotient determined under section 2 of this  
7 chapter.

8 **(4) A levy increase may not be granted under this subdivision**  
9 **for property taxes first due and payable after December 31,**  
10 **2009.** Permission to the civil taxing unit to increase its levy in  
11 excess of the limitations established under section 3 of this  
12 chapter, if the local government tax control board finds that the  
13 civil taxing unit needs the increase to pay the costs of furnishing  
14 fire protection for the civil taxing unit through a volunteer fire  
15 department. For purposes of determining a township's need for an  
16 increased levy, the local government tax control board shall not  
17 consider the amount of money borrowed under IC 36-6-6-14  
18 during the immediately preceding calendar year. However, any  
19 increase in the amount of the civil taxing unit's levy recommended  
20 by the local government tax control board under this subdivision  
21 for the ensuing calendar year may not exceed the lesser of:

22 (A) ten thousand dollars (\$10,000); or

23 (B) twenty percent (20%) of:

24 (i) the amount authorized for operating expenses of a  
25 volunteer fire department in the budget of the civil taxing  
26 unit for the immediately preceding calendar year; plus

27 (ii) the amount of any additional appropriations authorized  
28 during that calendar year for the civil taxing unit's use in  
29 paying operating expenses of a volunteer fire department  
30 under this chapter; minus

31 (iii) the amount of money borrowed under IC 36-6-6-14  
32 during that calendar year for the civil taxing unit's use in  
33 paying operating expenses of a volunteer fire department.

34 **(5) A levy increase may not be granted under this subdivision**  
35 **for property taxes first due and payable after December 31,**  
36 **2009.** Permission to a civil taxing unit to increase its levy in  
37 excess of the limitations established under section 3 of this  
38 chapter in order to raise revenues for pension payments and

1 contributions the civil taxing unit is required to make under  
 2 IC 36-8. The maximum increase in a civil taxing unit's levy that  
 3 may be recommended under this subdivision for an ensuing  
 4 calendar year equals the amount, if any, by which the pension  
 5 payments and contributions the civil taxing unit is required to  
 6 make under IC 36-8 during the ensuing calendar year exceeds the  
 7 product of one and one-tenth (1.1) multiplied by the pension  
 8 payments and contributions made by the civil taxing unit under  
 9 IC 36-8 during the calendar year that immediately precedes the  
 10 ensuing calendar year. For purposes of this subdivision, "pension  
 11 payments and contributions made by a civil taxing unit" does not  
 12 include that part of the payments or contributions that are funded  
 13 by distributions made to a civil taxing unit by the state.

14 **(6) A levy increase may not be granted under this subdivision**  
 15 **for property taxes first due and payable after December 31,**  
 16 **2009.** Permission to increase its levy in excess of the limitations  
 17 established under section 3 of this chapter if the local government  
 18 tax control board finds that:

19 (A) the township's township assistance ad valorem property  
 20 tax rate is less than one and sixty-seven hundredths cents  
 21 (\$0.0167) per one hundred dollars (\$100) of assessed  
 22 valuation; and

23 (B) the township needs the increase to meet the costs of  
 24 providing township assistance under IC 12-20 and IC 12-30-4.

25 The maximum increase that the board may recommend for a  
 26 township is the levy that would result from an increase in the  
 27 township's township assistance ad valorem property tax rate of  
 28 one and sixty-seven hundredths cents (\$0.0167) per one hundred  
 29 dollars (\$100) of assessed valuation minus the township's ad  
 30 valorem property tax rate per one hundred dollars (\$100) of  
 31 assessed valuation before the increase.

32 **(7) A levy increase may not be granted under this subdivision**  
 33 **for property taxes first due and payable after December 31,**  
 34 **2009.** Permission to a civil taxing unit to increase its levy in  
 35 excess of the limitations established under section 3 of this  
 36 chapter if:

37 (A) the increase has been approved by the legislative body of  
 38 the municipality with the largest population where the civil

1           taxing unit provides public transportation services; and  
 2           (B) the local government tax control board finds that the civil  
 3           taxing unit needs the increase to provide adequate public  
 4           transportation services.

5           The local government tax control board shall consider tax rates  
 6           and levies in civil taxing units of comparable population, and the  
 7           effect (if any) of a loss of federal or other funds to the civil taxing  
 8           unit that might have been used for public transportation purposes.  
 9           However, the increase that the board may recommend under this  
 10          subdivision for a civil taxing unit may not exceed the revenue that  
 11          would be raised by the civil taxing unit based on a property tax  
 12          rate of one cent (\$0.01) per one hundred dollars (\$100) of  
 13          assessed valuation.

14          **(8) A levy increase may not be granted under this subdivision**  
 15          **for property taxes first due and payable after December 31,**  
 16          **2009.** Permission to a civil taxing unit to increase the unit's levy  
 17          in excess of the limitations established under section 3 of this  
 18          chapter if the local government tax control board finds that:

19           (A) the civil taxing unit is:  
 20           (i) a county having a population of more than one hundred  
 21           forty-eight thousand (148,000) but less than one hundred  
 22           seventy thousand (170,000);  
 23           (ii) a city having a population of more than fifty-five  
 24           thousand (55,000) but less than fifty-nine thousand (59,000);  
 25           (iii) a city having a population of more than twenty-eight  
 26           thousand seven hundred (28,700) but less than twenty-nine  
 27           thousand (29,000);  
 28           (iv) a city having a population of more than fifteen thousand  
 29           four hundred (15,400) but less than sixteen thousand six  
 30           hundred (16,600); or  
 31           (v) a city having a population of more than seven thousand  
 32           (7,000) but less than seven thousand three hundred (7,300);  
 33           and

34           (B) the increase is necessary to provide funding to undertake  
 35           removal (as defined in IC 13-11-2-187) and remedial action  
 36           (as defined in IC 13-11-2-185) relating to hazardous  
 37           substances (as defined in IC 13-11-2-98) in solid waste  
 38           disposal facilities or industrial sites in the civil taxing unit that

1           have become a menace to the public health and welfare.  
 2           The maximum increase that the local government tax control  
 3           board may recommend for such a civil taxing unit is the levy that  
 4           would result from a property tax rate of six and sixty-seven  
 5           hundredths cents (\$0.0667) for each one hundred dollars (\$100)  
 6           of assessed valuation. For purposes of computing the ad valorem  
 7           property tax levy limit imposed on a civil taxing unit under  
 8           section 3 of this chapter, the civil taxing unit's ad valorem  
 9           property tax levy for a particular year does not include that part of  
 10          the levy imposed under this subdivision. In addition, a property  
 11          tax increase permitted under this subdivision may be imposed for  
 12          only two (2) calendar years.

13          **(9) A levy increase may not be granted under this subdivision**  
 14          **for property taxes first due and payable after December 31,**  
 15          **2009.** Permission for a county:

16           (A) having a population of more than eighty thousand (80,000)  
 17           but less than ninety thousand (90,000) to increase the county's  
 18           levy in excess of the limitations established under section 3 of  
 19           this chapter, if the local government tax control board finds  
 20           that the county needs the increase to meet the county's share of  
 21           the costs of operating a jail or juvenile detention center,  
 22           including expansion of the facility, if the jail or juvenile  
 23           detention center is opened after December 31, 1991;

24           (B) that operates a county jail or juvenile detention center that  
 25           is subject to an order that:

26           (i) was issued by a federal district court; and

27           (ii) has not been terminated;

28           (C) that operates a county jail that fails to meet:

29           (i) American Correctional Association Jail Construction  
 30           Standards; and

31           (ii) Indiana jail operation standards adopted by the  
 32           department of correction; or

33           (D) that operates a juvenile detention center that fails to meet  
 34           standards equivalent to the standards described in clause (C)  
 35           for the operation of juvenile detention centers.

36          Before recommending an increase, the local government tax  
 37          control board shall consider all other revenues available to the  
 38          county that could be applied for that purpose. An appeal for

operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

**(10) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

**(11) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.** Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed under

1 IC 36-6-6-14 during the preceding three (3) calendar years. A  
 2 township may elect to phase in an approved increase in its levy  
 3 under this subdivision over a period not to exceed three (3) years.  
 4 A particular township may appeal to increase its levy under this  
 5 section not more frequently than every fourth calendar year.

6 **(12) A levy increase may not be granted under this subdivision**  
 7 **for property taxes first due and payable after December 31,**  
 8 **2009.** Permission to a city having a population of more than  
 9 twenty-nine thousand (29,000) but less than thirty-one thousand  
 10 (31,000) to increase its levy in excess of the limitations  
 11 established under section 3 of this chapter if:

12 (A) an appeal was granted to the city under this section to  
 13 reallocate property tax replacement credits under IC 6-3.5-1.1  
 14 in 1998, 1999, and 2000; and

15 (B) the increase has been approved by the legislative body of  
 16 the city, and the legislative body of the city has by resolution  
 17 determined that the increase is necessary to pay normal  
 18 operating expenses.

19 The maximum amount of the increase is equal to the amount of  
 20 property tax replacement credits under IC 6-3.5-1.1 that the city  
 21 petitioned under this section to have reallocated in 2001 for a  
 22 purpose other than property tax relief.

23 **(13) A levy increase may be granted under this subdivision**  
 24 **only for property taxes first due and payable after December**  
 25 **31, 2009. Permission to a civil taxing unit to increase its levy**  
 26 **in excess of the limitations established under section 3 of this**  
 27 **chapter if the civil taxing unit cannot carry out its**  
 28 **governmental functions for an ensuing calendar year under**  
 29 **the levy limitations imposed by section 3 of this chapter.**

30 SECTION 28. IC 6-1.1-18.5-13.5 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.5. **A levy increase**  
 32 **may not be granted under this section for property taxes first due**  
 33 **and payable after December 31, 2009.** With respect to an appeal filed  
 34 under section 12 of this chapter, the local government tax control board  
 35 may recommend that the department of local government finance give  
 36 permission to a town having a population of more than three hundred  
 37 seventy-five (375) but less than five hundred (500) located in a county  
 38 having a population of more than seventy-one thousand (71,000) but



less than seventy-one thousand four hundred (71,400) to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the town needs the increase to pay the costs of furnishing fire protection for the town. However, any increase in the amount of the town's levy recommended by the local government tax control board under this section for the ensuing calendar year may not exceed the greater of:

(1) twenty-five thousand dollars (\$25,000); or

(2) twenty percent (20%) of the sum of:

(A) the amount authorized for the cost of furnishing fire protection in the town's budget for the immediately preceding calendar year; plus

(B) the amount of any additional appropriations authorized under IC 6-1.1-18-5 during that calendar year for the town's use in paying the costs of furnishing fire protection.

SECTION 29. IC 6-1.1-18.5-13.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.6. **A levy increase may not be granted under this section for property taxes first due and payable after December 31, 2009.** For an appeal filed under section 12 of this chapter, the local government tax control board may recommend that the department of local government finance give permission to a county to increase its levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that the county needs the increase to pay for:

(1) a new voting system; or

(2) the expansion or upgrade of an existing voting system;

under IC 3-11-6.

SECTION 30. IC 6-1.1-18.5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The local government tax control board **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may recommend to the department of local government finance a correction of any advertising error, mathematical error, or error in data made at the local level for any calendar year that affects the determination of the limitations established by section 3 of this chapter or the tax rate or levy of a civil taxing unit. The department of local government finance may on its own initiative correct such an advertising error, mathematical error, or error in data for any civil

1       taxing unit.

2       (b) A correction made under subsection (a) for a prior calendar year  
3       shall be applied to the civil taxing unit's levy limitations, rate, and levy  
4       for the ensuing calendar year to offset any cumulative effect that the  
5       error caused in the determination of the civil taxing unit's levy  
6       limitations, rate, or levy for the ensuing calendar year.

7       SECTION 31. IC 6-1.1-18.5-15 IS AMENDED TO READ AS  
8       FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) The department  
9       of local government finance, upon receiving a recommendation made  
10      under section 13 or 14 of this chapter, shall enter an order adopting,  
11      rejecting, or adopting in part and rejecting in part the recommendation  
12      of the local government tax control board **(before January 1, 2009) or**  
13      **the county board of tax and capital projects review (after**  
14      **December 31, 2008).**

15      (b) A civil taxing unit may petition for judicial review of the final  
16      determination of the department of local government finance under  
17      subsection (a). The action must be taken to the tax court under  
18      IC 6-1.1-15 in the same manner that an action is taken to appeal a final  
19      determination of the Indiana board. The petition must be filed in the tax  
20      court not more than forty-five (45) days after the department enters its  
21      order under subsection (a).

22      SECTION 32. IC 6-1.1-18.5-16 IS AMENDED TO READ AS  
23      FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) A civil taxing  
24      unit may request permission from the local government tax control  
25      board **(before January 1, 2009) or the county board of tax and**  
26      **capital projects review (after December 31, 2008)** to impose an ad  
27      valorem property tax levy that exceeds the limits imposed by section 3  
28      of this chapter if:

- 29           (1) the civil taxing unit experienced a property tax revenue  
30           shortfall that resulted from erroneous assessed valuation figures  
31           being provided to the civil taxing unit;
- 32           (2) the erroneous assessed valuation figures were used by the civil  
33           taxing unit in determining its total property tax rate; and
- 34           (3) the error in the assessed valuation figures was found after the  
35           civil taxing unit's property tax levy resulting from that total rate  
36           was finally approved by the department of local government  
37           finance.

38      (b) A civil taxing unit may request permission from the local

1 government tax control board **(before January 1, 2009) or the county**  
 2 **board of tax and capital projects review (after December 31, 2008)**  
 3 to impose an ad valorem property tax levy that exceeds the limits  
 4 imposed by section 3 of this chapter if the civil taxing unit experienced  
 5 a property tax revenue shortfall because of the payment of refunds that  
 6 resulted from appeals under this article and IC 6-1.5.

7 (c) If the local government tax control board **(before January 1,**  
 8 **2009) or the county board of tax and capital projects review (after**  
 9 **December 31, 2008)** determines that a shortfall described in subsection  
 10 (a) or (b) has occurred, it shall recommend to the department of local  
 11 government finance that the civil taxing unit be allowed to impose a  
 12 property tax levy exceeding the limit imposed by section 3 of this  
 13 chapter, and the department may adopt such recommendation.  
 14 However, the maximum amount by which the civil taxing unit's levy  
 15 may be increased over the limits imposed by section 3 of this chapter  
 16 equals the remainder of the civil taxing unit's property tax levy for the  
 17 particular calendar year as finally approved by the department of local  
 18 government finance minus the actual property tax levy collected by the  
 19 civil taxing unit for that particular calendar year.

20 (d) Any property taxes collected by a civil taxing unit over the limits  
 21 imposed by section 3 of this chapter under the authority of this section  
 22 may not be treated as a part of the civil taxing unit's maximum  
 23 permissible ad valorem property tax levy for purposes of determining  
 24 its maximum permissible ad valorem property tax levy for future years.

25 (e) If the department of local government finance authorizes an  
 26 excess tax levy under this section, it shall take appropriate steps to  
 27 insure that the proceeds are first used to repay any loan made to the  
 28 civil taxing unit for the purpose of meeting its current expenses.

29 SECTION 33. IC 6-1.1-20-3.2, AS AMENDED BY P.L.2-2006,  
 30 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 31 JULY 1, 2007]: Sec. 3.2. If a sufficient petition requesting the  
 32 application of a petition and remonstrance process has been filed as set  
 33 forth in section 3.1 of this chapter, a political subdivision may not  
 34 impose property taxes to pay debt service or lease rentals without  
 35 completing the following procedures:

36 (1) The proper officers of the political subdivision shall give  
 37 notice of the applicability of the petition and remonstrance  
 38 process by:

- 1 (A) publication in accordance with IC 5-3-1; and  
2 (B) first class mail to the organizations described in section  
3 3.1(1)(B) of this chapter.

4 A notice under this subdivision must include a statement that any  
5 owners of real property within the political subdivision who want  
6 to petition in favor of or remonstrate against the proposed debt  
7 service or lease payments must file petitions and remonstrances  
8 in compliance with subdivisions (2) through (4) not earlier than  
9 thirty (30) days or later than sixty (60) days after publication in  
10 accordance with IC 5-3-1.

11 (2) Not earlier than thirty (30) days or later than sixty (60) days  
12 after the notice under subdivision (1) is given:

13 (A) petitions (described in subdivision (3)) in favor of the  
14 bonds or lease; and

15 (B) remonstrances (described in subdivision (3)) against the  
16 bonds or lease;

17 may be filed by an owner or owners of real property within the  
18 political subdivision. Each signature on a petition must be dated  
19 and the date of signature may not be before the date on which the  
20 petition and remonstrance forms may be issued under subdivision  
21 (3). A petition described in clause (A) or a remonstrance  
22 described in clause (B) must be verified in compliance with  
23 subdivision (4) before the petition or remonstrance is filed with  
24 the county auditor under subdivision (4).

25 (3) The state board of accounts shall design and, upon request by  
26 the county auditor, deliver to the county auditor or the county  
27 auditor's designated printer the petition and remonstrance forms  
28 to be used solely in the petition and remonstrance process  
29 described in this section. The county auditor shall issue to an  
30 owner or owners of real property within the political subdivision  
31 the number of petition or remonstrance forms requested by the  
32 owner or owners. Each form must be accompanied by instructions  
33 detailing the requirements that:

34 (A) the carrier and signers must be owners of real property;

35 (B) the carrier must be a signatory on at least one (1) petition;

36 (C) after the signatures have been collected, the carrier must  
37 swear or affirm before a notary public that the carrier  
38 witnessed each signature;

1 (D) govern the closing date for the petition and remonstrance  
2 period; and

3 (E) apply to the carrier under section 10 of this chapter.

4 Persons requesting forms may not be required to identify  
5 themselves and may be allowed to pick up additional copies to  
6 distribute to other property owners. The county auditor may not  
7 issue a petition or remonstrance form earlier than twenty-nine  
8 (29) days after the notice is given under subdivision (1). The  
9 county auditor shall certify the date of issuance on each petition  
10 or remonstrance form that is distributed under this subdivision.

11 (4) The petitions and remonstrances must be verified in the  
12 manner prescribed by the state board of accounts and filed with  
13 the county auditor within the sixty (60) day period described in  
14 subdivision (2) in the manner set forth in section 3.1 of this  
15 chapter relating to requests for a petition and remonstrance  
16 process.

17 (5) The county auditor must file a certificate and the petition or  
18 remonstrance with the body of the political subdivision charged  
19 with issuing bonds or entering into leases within fifteen (15)  
20 business days of the filing of a petition or remonstrance under  
21 subdivision (4), whichever applies, containing ten thousand  
22 (10,000) signatures or less. The county auditor may take an  
23 additional five (5) days to review and certify the petition or  
24 remonstrance for each additional five thousand (5,000) signatures  
25 up to a maximum of sixty (60) days. The certificate must state the  
26 number of petitioners and remonstrators that are owners of real  
27 property within the political subdivision.

28 (6) If a greater number of owners of real property within the  
29 political subdivision sign a remonstrance than the number that  
30 signed a petition, the bonds petitioned for may not be issued or  
31 the lease petitioned for may not be entered into. The proper  
32 officers of the political subdivision may not make a preliminary  
33 determination to issue bonds or enter into a lease for the  
34 controlled project defeated by the petition and remonstrance  
35 process under this section or any other controlled project that is  
36 not substantially different within one (1) year after the date of the  
37 county auditor's certificate under subdivision (5). Withdrawal of  
38 a petition carries the same consequences as a defeat of the

1 petition.  
 2 (7) After a political subdivision has gone through the petition and  
 3 remonstrance process set forth in this section, the political  
 4 subdivision is not required to follow any other remonstrance or  
 5 objection procedures under any other law (including section 5 of  
 6 this chapter) relating to bonds or leases designed to protect  
 7 owners of real property within the political subdivision from the  
 8 imposition of property taxes to pay debt service or lease rentals.  
 9 However, the political subdivision must still receive the approval  
 10 of the department of local government finance **if** required by:

- 11 (A) IC 6-1.1-18.5-8; or
- 12 (B) IC 20-46-7-8, IC 20-46-7-9, and IC 20-46-7-10.

13 SECTION 34. IC 6-1.1-20-3.4 IS ADDED TO THE INDIANA  
 14 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 15 [EFFECTIVE JULY 1, 2007]: **Sec. 3.4. (a) Notwithstanding any**  
 16 **other provision of this chapter, the executive of a political**  
 17 **subdivision may initiate the petition and remonstrance process**  
 18 **under this chapter for the approval or disapproval of a proposed**  
 19 **capital project of the political subdivision that has been**  
 20 **disapproved under IC 6-1.1-29.5 by the county board of tax and**  
 21 **capital projects review.**

22 (b) The executive of a political subdivision may initiate the  
 23 petition and remonstrance process under this chapter for a  
 24 proposed capital project that has been disapproved by the county  
 25 board of tax and capital projects review by giving notice of the  
 26 applicability of the petition and remonstrance process as provided  
 27 in section 3.2(1) of this chapter not more than sixty (60) days after  
 28 the county board of tax and capital projects review disapproves the  
 29 proposed capital project.

30 (c) Section 3.2 of this chapter applies to a petition and  
 31 remonstrance process initiated under this section. However, a  
 32 sufficient petition requesting the application of a petition and  
 33 remonstrance process is not required to be filed as set forth in  
 34 section 3.1 of this chapter before the executive of a political  
 35 subdivision may initiate the petition and remonstrance process as  
 36 provided in this section.

37 (d) If the number of owners of real property within the political  
 38 subdivision that sign a petition in favor of the proposed capital

1 project is greater than the number of owners of real property  
 2 within the political subdivision that sign a remonstrance against  
 3 the proposed capital project, the political subdivision may  
 4 undertake the proposed capital project, notwithstanding the  
 5 disapproval of the proposed capital project by the county board of  
 6 tax and capital projects review under IC 6-1.1-29.5.

7 SECTION 35. IC 6-1.1-20-5 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) **Except as**  
 9 **provided by subsection (c)**, when the proper officers of a political  
 10 subdivision decide to issue bonds in a total amount which exceeds five  
 11 thousand dollars (\$5,000), they shall give notice of the decision by:

12 (1) posting; and

13 (2) publication once each week for two (2) weeks.

14 The notice required by this section shall be posted in three (3) public  
 15 places in the political subdivision and published in accordance with  
 16 IC 5-3-1-4. The decision to issue bonds may be a preliminary decision.

17 (b) Ten (10) or more taxpayers who will be affected by the proposed  
 18 issuance of the bonds and who wish to object to the issuance on the  
 19 grounds that it is unnecessary or excessive may file a petition in the  
 20 office of the auditor of the county in which the political subdivision is  
 21 located. The petition must be filed within fifteen (15) days after the  
 22 notice required by subsection (a) is given, and it must contain the  
 23 objections of the taxpayers and facts which show that the proposed  
 24 issue is unnecessary or excessive. When taxpayers file a petition in the  
 25 manner prescribed in this subsection, the county auditor shall  
 26 immediately forward a certified copy of the petition and any other  
 27 relevant information to the department of local government finance.

28 **(c) This section does not apply to bonds issued for a capital**  
 29 **project approved after December 31, 2008, by a county board of**  
 30 **tax and capital projects review under IC 6-1.1-29.5.**

31 SECTION 36. IC 6-1.1-20-7 IS AMENDED TO READ AS  
 32 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) **This section**  
 33 **does not apply to bonds, notes, or warrants issued for a capital**  
 34 **project approved after December 31, 2008, by a county board of**  
 35 **tax and capital projects review under IC 6-1.1-29.5.**

36 (b) When the proper officers of a political subdivision decide to  
 37 issue any bonds, notes, or warrants which will be payable from  
 38 property taxes and which will bear interest in excess of eight percent

(8%) per annum, the political subdivision shall submit the matter to the department of local government finance for review. The department of local government finance may either approve or disapprove the rate of interest.

SECTION 37. IC 6-1.1-20.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 20.1. Property Tax Reduction Trust Fund**

**Sec. 1. As used in this chapter, "fund" means the property tax reduction trust fund established by section 2 of this chapter.**

**Sec. 2. (a) The property tax reduction trust fund is established.**

**(b) The fund consists of the following:**

**(1) Any initial licence fees paid to the state for a license to conduct slot machine gambling games at racetracks.**

**(2) Any wagering taxes imposed on the adjusted gross receipts from the conducting of slot machine gambling games at racetracks.**

**(3) Any riverboat admissions taxes under IC 4-33-12-6 that would otherwise be paid to the Indiana horse racing commission but are instead replaced because of payments dedicated to purses, breed development, and horsemen's associations by persons licensed to conduct slot machine gambling games at racetracks.**

**(c) Money may not be transferred, assigned, or otherwise removed from the fund by the state board of finance, the budget agency, or any other state agency except as provided in this section.**

**(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.**

**(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.**

**(f) Money in the fund is appropriated continuously for the purposes stated in section 3 of this chapter.**

**Sec. 3. Money in the fund may be used only for the following purposes:**

**(1) Money in the fund shall be used to pay the cost of increasing the state homestead credit under IC 6-1.1-20.9 in**



2007 from 20% to 28%. Notwithstanding IC 6-1.1-20.9, if initial license fees for a license to conduct slot machine gambling games at racetracks are deposited into the fund in 2007, the homestead credit percentage in IC 6-1.1-20.9-2 is increased from 20% to 28% for 2007. The department of local government finance shall take the actions necessary to apply the increased homestead credit. If a taxpayer pays more property taxes first due and payable in 2007 than are required after application of the increased homestead credit, the overpayment shall be refunded to the taxpayer or credited against the taxpayer's spring installment for property taxes first due and payable in 2008, as determined by the department of local government finance.

(2) Beginning in 2008, money in the fund shall be transferred to the state general fund to pay one-half (1/2) of the cost to the state of:

(A) providing homestead credits under IC 6-1.1-20.9; and

(B) making payments to school corporations and counties to replace:

(i) the growth in school corporation tuition support property tax levies;

(ii) the growth in costs incurred by counties for the incarceration of juvenile offenders; and

(iii) one-half (1/2) of the growth in county family and children's fund property tax levies.

The budget agency shall each year determine the amount of money that must be transferred from the fund to the state general fund to pay the costs described in this subdivision.

SECTION 38. IC 6-1.1-20.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

#### **Chapter 20.3. Distressed Political Subdivisions**

**Sec. 1.** As used in this chapter, "circuit breaker board" refers to the circuit breaker relief appeal board established by section 4 of this chapter.

**Sec. 2.** As used in this chapter, "distressed political subdivision" means a political subdivision that will have the political subdivision's property tax collections reduced by at least two

1       percent (2%) in a calendar year as a result of the application of the  
2       credit under IC 6-1.1-20.6 for that calendar year.

3       Sec. 3. As used in this chapter, "political subdivision" has the  
4       meaning set forth in IC 36-1-2-13.

5       Sec. 4. (a) The circuit breaker relief appeal board is established.

6       (b) The circuit breaker relief appeal board consists of the  
7       following members:

8           (1) The director of the office of management and budget or  
9           the director's designee. The director or the director's designee  
10          shall serve as chairperson of the circuit breaker relief appeal  
11          board.

12          (2) The commissioner of the department of local government  
13          finance or the commissioner's designee.

14          (3) The commissioner of the department of state revenue or  
15          the commissioner's designee.

16          (4) The state examiner of the state board of accounts or the  
17          state examiner's designee.

18          (5) The following members appointed by the governor:

19           (A) One (1) member appointed from nominees submitted  
20           by the Indiana Association of Cities and Towns.

21           (B) One (1) member appointed from nominees submitted  
22           by the Association of Indiana Counties.

23           (C) One (1) member appointed from nominees submitted  
24           by the Indiana Association of School Superintendents.

25       (c) The members appointed under subsection (b)(5) serve at the  
26       pleasure of the governor.

27       (d) Each member of the commission is entitled to  
28       reimbursement for:

29           (1) traveling expenses as provided under IC 4-13-1-4; and

30           (2) other expenses actually incurred in connection with the  
31           member's duties as provided in the state policies and  
32           procedures established by the Indiana department of  
33           administration and approved by the budget agency.

34       (e) A member of the commission appointed under subsection  
35       (b)(5) is entitled to the salary per diem provided under  
36       IC 4-10-11-2.1(b).

37       Sec. 5. (a) The department of local government finance shall  
38       provide the circuit breaker board with the staff and assistance that

1 the circuit breaker board reasonably requires.

2 (b) The department of local government finance shall provide  
3 from the department's budget funding to support the circuit  
4 breaker board's duties under this chapter.

5 (c) The circuit breaker board may contract with accountants,  
6 financial experts, and other advisors and consultants as necessary  
7 to carry out the circuit breaker board's duties under this chapter.

8 Sec. 6. (a) For property taxes first due and payable in 2008 and  
9 thereafter, the governing body of a distressed political subdivision  
10 (or two (2) or more distressed political subdivisions acting jointly)  
11 may petition the circuit breaker board for relief as authorized  
12 under this chapter from the application of the credit under  
13 IC 6-1.1-20.6 for a calendar year.

14 (b) A petition under subsection (a) must include a proposed  
15 financial plan for political subdivisions in the county. The proposed  
16 financial plan must include the following:

17 (1) Proposed budgets that would enable the distressed  
18 political subdivisions in the county to cease being distressed  
19 political subdivisions.

20 (2) Proposed efficiencies, consolidations, cost reductions, uses  
21 of alternative or additional revenues, or other actions that  
22 would enable the distressed political subdivisions in the  
23 county to cease being distressed political subdivisions.

24 (c) The circuit breaker board may adopt procedures governing  
25 the timing and required content of a petition under subsection (a).

26 Sec. 7. (a) If a distressed political subdivision submits a petition  
27 under section 6 of this chapter, the circuit breaker board shall  
28 review the petition and assist the political subdivisions in the  
29 county in establishing a financial plan.

30 (b) In reviewing a petition submitted under section 6 of this  
31 chapter, the circuit breaker board:

32 (1) shall consider:

33 (A) the proposed financial plan;

34 (B) comparisons to similarly situated political subdivisions;

35 (C) the existing revenue and expenditures of political  
36 subdivisions in the county; and

37 (D) any other factor considered relevant by the circuit  
38 breaker board; and

1           (2) may establish subcommittees or temporarily appoint  
2           nonvoting members to the circuit breaker board to assist in  
3           the review.

4           **Sec. 8. (a) The circuit breaker board may authorize relief as**  
5           **provided in subsection (b) from the application of the credit under**  
6           **IC 6-1.1-20.6 for a calendar year if:**

7                 (1) the circuit breaker board and the governing body of each  
8                 petitioning distressed political subdivision have agreed to a  
9                 financial plan for political subdivisions in the county; and  
10                (2) the governing body of each political subdivision in the  
11                county has adopted a resolution agreeing to the terms of the  
12                financial plan.

13           **(b) If the conditions of subsection (a) are satisfied, the circuit**  
14           **breaker board may, notwithstanding IC 6-1.1-20.6, do either of the**  
15           **following:**

16                (1) Increase uniformly in the county the percentage threshold  
17                (specified as a percentage of gross assessed value) at which the  
18                credit under IC 6-1.1-20.6-7 applies to a person's property tax  
19                liability.

20                (2) Provide for a uniform percentage reduction to credits  
21                otherwise provided under IC 6-1.1-20.6-7 in the county.

22           **(c) If the circuit breaker board decreases the credit percentages**  
23           **under IC 6-1.1-20.6-7 in a county, the circuit breaker board shall**  
24           **conduct audits and reviews as necessary to determine whether the**  
25           **political subdivisions in the county are abiding by the terms of**  
26           **financial plan agreed to under subsection (a).**

27           SECTION 39. IC 6-1.1-20.6-7, AS AMENDED BY P.L.162-2006,  
28           SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
29           JULY 1, 2007]: Sec. 7. (a) In the case of a credit authorized under  
30           section 6 of this chapter or provided by section 6.5(a) or 6.5(b) of this  
31           chapter for property taxes first due and payable in a calendar year:

32                (1) a person is entitled to a credit against the person's property tax  
33                liability for property taxes first due and payable in that calendar  
34                year attributable to the person's qualified residential property  
35                located in the county; and

36                (2) the amount of the credit is the amount by which the person's  
37                property tax liability attributable to the person's qualified  
38                residential property for property taxes first due and payable in that

calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the qualified residential property for property taxes first due and payable in that calendar year.

(b) In the case of a credit provided by section 6.5(c) of this chapter for property taxes first due and payable in a calendar year:

(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's real property and personal property located in the county; and

(2) the amount of the credit is ~~the amount by which the person's property tax liability attributable to the person's real property and personal property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the real property and personal property for property taxes first due and payable in that calendar year.~~ equal to the following:

**(A) In the case of property tax liability attributable to the person's qualified residential property, the amount of the credit is the amount by which the person's property tax liability attributable to the person's qualified residential property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the qualified residential property for property taxes first due and payable in that calendar year.**

**(B) In the case of property tax liability attributable to property other than qualified residential property, the amount of the credit is the amount by which the person's property tax liability attributable to the person's real property (other than qualified residential property) and personal property for property taxes first due and payable in that calendar year exceeds three percent (3%) of the gross assessed value that is the basis for determination of property taxes on the real property (other than qualified residential property) and personal property for property taxes first due and payable in that calendar year.**

SECTION 40. IC 6-1.1-20.9-2, AS AMENDED BY P.L.162-2006,

SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) The amount of the credit to which the individual is entitled equals the product of:

- (1) the percentage prescribed in subsection (d); multiplied by
- (2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which: ~~is:~~

(A) ~~is~~ attributable to the homestead during the particular calendar year; and

(B) **in the case of property taxes first due and payable before January 1, 2008, is** determined after the application of the property tax replacement credit under IC 6-1.1-21.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2002	10%
2003 through 2005	20%
2006	28%
2007 <del>and thereafter</del>	<del>20%</del> <b>28%</b>
<b>2008</b>	<b>4%</b>
<b>2009</b>	<b>3%</b>

1	<b>2010</b>	<b>2%</b>
2	<b>2011</b>	<b>1%</b>

3 **If initial licensing fees are not received in 2007 from licensees**  
4 **authorized to conduct slot machine gambling games at racetracks,**  
5 **the homestead credit percentage for 2007 shall be twenty percent**  
6 **(20%) instead of twenty-eight percent (28%). No homestead**  
7 **credits under this chapter are payable after 2011. However, in the**  
8 **case of property taxes first due and payable before January 1,**  
9 **2008,** the property tax replacement fund board established under  
10 IC 6-1.1-21-10 shall increase the percentage of the credit provided in  
11 the schedule for any year if the budget agency determines that an  
12 increase is necessary to provide the minimum tax relief authorized  
13 under IC 6-1.1-21-2.5. If the board increases the percentage of the  
14 credit provided in the schedule for any year, the percentage of the  
15 credit for the immediately following year is the percentage provided in  
16 the schedule for that particular year, unless as provided in this  
17 subsection the board must increase the percentage of the credit  
18 provided in the schedule for that particular year. However, the  
19 percentage credit allowed in a particular county for a particular year  
20 shall be increased if on January 1 of a year an ordinance adopted by a  
21 county income tax council was in effect in the county which increased  
22 the homestead credit. The amount of the increase equals the amount  
23 designated in the ordinance.

24 (e) Before October 1 of each year, the assessor shall furnish to the  
25 county auditor the amount of the assessed valuation of each homestead  
26 for which a homestead credit has been properly filed under this chapter.

27 (f) The county auditor shall apply the credit equally to each  
28 installment of taxes that the individual pays for the property.

29 (g) Notwithstanding the provisions of this chapter, a taxpayer other  
30 than an individual is entitled to the credit provided by this chapter if:  
31 (1) an individual uses the residence as the individual's principal  
32 place of residence;  
33 (2) the residence is located in Indiana;  
34 (3) the individual has a beneficial interest in the taxpayer;  
35 (4) the taxpayer either owns the residence or is buying it under a  
36 contract, recorded in the county recorder's office, that provides  
37 that the individual is to pay the property taxes on the residence;  
38 and

(5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

**(h) Each year after 2007, the department of local government finance shall certify to the department of state revenue the amount of homestead credits provided under this chapter that are allowed by the county for the particular calendar year. The department of local government finance shall make the certification based on the best information available at the time the certification is made. Each year after 2007, the department of state revenue shall allocate from the state general fund an amount equal to the total amount of homestead tax credits that are provided under this chapter and allowed by each county for that year.**

**(i) Except as otherwise provided, the provisions in IC 6-1.1-21 as in existence on December 31, 2007, concerning:**

**(1) allocation, distribution, and payments of homestead credits;**

**(2) settlement and final distribution of homestead credits;**

**(3) application of homestead credits; and**

**(4) refunds and changes in the tax liability of a taxpayer, as applicable to homestead credits;**

**continue to apply to homestead credits after December 31, 2007, notwithstanding the repeal of certain sections of IC 6-1.1-21 on January 1, 2008.**

SECTION 41. IC 6-1.1-21-2, AS AMENDED BY P.L.67-2006, SECTION 4, AND AS AMENDED BY P.L.2-2006, SECTION 57, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each



1 county auditor which under IC 6-1.1-22-5 is to be filed ~~on or before~~  
 2 ~~March 1 of~~ each year with the auditor of state.

3 (e) "Mobile home assessments" means the assessments of mobile  
 4 homes made under IC 6-1.1-7.

5 (f) "Postabstract adjustments" means adjustments in taxes made  
 6 subsequent to the filing of an auditor's abstract which change  
 7 assessments therein or add assessments of omitted property affecting  
 8 taxes for such assessment year.

9 (g) "Total county tax levy" means the sum of:

10 (1) the remainder of:

11 (A) the aggregate levy of all taxes for all taxing units in a  
 12 county which are to be paid in the county for a stated  
 13 assessment year as reflected by the auditor's abstract for the  
 14 assessment year, adjusted, however, for any postabstract  
 15 adjustments which change the amount of the aggregate levy;  
 16 minus

17 (B) the sum of any increases in property tax levies of taxing  
 18 units of the county that result from appeals described in:

19 (i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after  
 20 December 31, 1982; plus

21 (ii) the sum of any increases in property tax levies of taxing  
 22 units of the county that result from any other appeals  
 23 described in IC 6-1.1-18.5-13 filed after December 31,  
 24 1983; plus

25 (iii) IC 6-1.1-18.6-3 (children in need of services and  
 26 delinquent children who are wards of the county) (*before its*  
 27 *repeal*); minus

28 (C) the total amount of property taxes imposed for the stated  
 29 assessment year by the taxing units of the county under the  
 30 authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed),  
 31 IC 12-19-5, or IC 12-20-24; minus

32 (D) the total amount of property taxes to be paid during the  
 33 stated assessment year that will be used to pay for interest or  
 34 principal due on debt that:

35 (i) is entered into after December 31, 1983;

36 (ii) is not debt that is issued under IC 5-1-5 to refund debt  
 37 incurred before January 1, 1984; and

38 (iii) does not constitute debt entered into for the purpose of

1 building, repairing, or altering school buildings for which  
 2 the requirements of IC 20-5-52 (repealed) were satisfied  
 3 prior to January 1, 1984; minus  
 4 (E) the amount of property taxes imposed in the county for the  
 5 stated assessment year under the authority of IC 21-2-6  
 6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a  
 7 cumulative building fund whose property tax rate was initially  
 8 established or reestablished for a stated assessment year that  
 9 succeeds the 1983 stated assessment year; minus  
 10 (F) the remainder of:  
 11 (i) the total property taxes imposed in the county for the  
 12 stated assessment year under authority of IC 21-2-6  
 13 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a  
 14 cumulative building fund whose property tax rate was not  
 15 initially established or reestablished for a stated assessment  
 16 year that succeeds the 1983 stated assessment year; minus  
 17 (ii) the total property taxes imposed in the county for the  
 18 1984 stated assessment year under the authority of IC 21-2-6  
 19 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a  
 20 cumulative building fund whose property tax rate was not  
 21 initially established or reestablished for a stated assessment  
 22 year that succeeds the 1983 stated assessment year; minus  
 23 (G) the amount of property taxes imposed in the county for the  
 24 stated assessment year under:  
 25 (i) IC 21-2-15 (*before its repeal*) or IC 20-46-6 for a capital  
 26 projects fund; plus  
 27 (ii) IC 6-1.1-19-10 (*before its repeal*) or IC 20-46-3 for a  
 28 racial balance fund; plus  
 29 (iii) IC 36-12-12 for a library capital projects fund; plus  
 30 (iv) IC 36-10-13-7 for an art association fund; plus  
 31 (v) IC 21-2-17 (*before its repeal*) or IC 20-46-2 for a special  
 32 education preschool fund; plus  
 33 (vi) IC 21-2-11.6 (*before its repeal*) or IC 20-46-1 for a  
 34 referendum tax levy fund; plus  
 35 (vii) an appeal filed under IC 6-1.1-19-5.1 (*before its repeal*)  
 36 or IC 20-45-6-8 for an increase in a school corporation's  
 37 maximum permissible ~~generat fund~~ tuition support levy for  
 38 certain transfer tuition costs; plus

- 1 (viii) an appeal filed under IC 6-1.1-19-5.4 (*before its*  
 2 *repeal*) or IC 20-46-4-10 for an increase in a school  
 3 corporation's maximum permissible ~~general~~ transportation  
 4 fund levy for transportation operating costs; minus  
 5 (H) the amount of property taxes imposed by a school  
 6 corporation that is attributable to the passage, after 1983, of a  
 7 referendum for an excessive tax levy under ~~IC 6-1.1-19~~  
 8 *IC 6-1.1-19-4.5 (before its repeal)*, including any increases in  
 9 these property taxes that are attributable to the adjustment set  
 10 forth in IC 6-1.1-19-1.5 (*before its repeal*), IC 20-45-3, or any  
 11 other law; minus  
 12 (I) for each township in the county, the lesser of:  
 13 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)  
 14 STEP THREE (*as effective January 1, 1990*) or  
 15 IC 6-1.1-18.5-19(b) STEP THREE (*as effective January 1,*  
 16 *1990*), whichever is applicable, plus the part, if any, of the  
 17 township's ad valorem property tax levy for calendar year  
 18 1989 that represents increases in that levy that resulted from  
 19 an appeal described in IC 6-1.1-18.5-13(4) (*as effective*  
 20 *before January 1, 1989*), filed after December 31, 1982; or  
 21 (ii) the amount of property taxes imposed in the township for  
 22 the stated assessment year under the authority of  
 23 IC 36-8-13-4; minus  
 24 (J) for each participating unit in a fire protection territory  
 25 established under IC 36-8-19-1, the amount of property taxes  
 26 levied by each participating unit under IC 36-8-19-8 and  
 27 IC 36-8-19-8.5 less the maximum levy limit for each of the  
 28 participating units that would have otherwise been available  
 29 for fire protection services under IC 6-1.1-18.5-3 and  
 30 IC 6-1.1-18.5-19 for that same year; minus  
 31 (K) for each county, the sum of:  
 32 (i) the amount of property taxes imposed in the county for  
 33 the repayment of loans under IC 12-19-5-6 (repealed) that is  
 34 included in the amount determined under IC 12-19-7-4(a)  
 35 STEP SEVEN (*as effective January 1, 1995*) for property  
 36 taxes payable in 1995, or for property taxes payable in each  
 37 year after 1995, the amount determined under  
 38 IC 12-19-7-4(b) (*as effective before March 16, 2004*) and

- 1            *IC 12-19-7-4 (as effective after March 15, 2004); and*  
 2            (ii) the amount of property taxes imposed in the county  
 3            attributable to appeals granted under IC 6-1.1-18.6-3 (*before*  
 4            *its repeal*) that is included in the amount determined under  
 5            IC 12-19-7-4(a) STEP SEVEN (*as effective January 1,*  
 6            *1995*) for property taxes payable in 1995, or the amount  
 7            determined under IC 12-19-7-4(b) (*as effective before*  
 8            *March 16, 2004*) and IC 12-19-7-4 (*as effective after March*  
 9            *15, 2004*) for property taxes payable in each year after 1995;  
 10          plus  
 11          (2) all taxes to be paid in the county in respect to mobile home  
 12          assessments currently assessed for the year in which the taxes  
 13          stated in the abstract are to be paid; plus  
 14          (3) the amounts, if any, of county adjusted gross income taxes that  
 15          were applied by the taxing units in the county as property tax  
 16          replacement credits to reduce the individual levies of the taxing  
 17          units for the assessment year, as provided in IC 6-3.5-1.1; plus  
 18          (4) the amounts, if any, by which the maximum permissible ad  
 19          valorem property tax levies of the taxing units of the county were  
 20          reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated  
 21          assessment year; plus  
 22          (5) the difference between:  
 23                  (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;  
 24                  minus  
 25                  (B) the amount the civil taxing units' levies were increased  
 26                  because of the reduction in the civil taxing units' base year  
 27                  certified shares under IC 6-1.1-18.5-3(e).  
 28          (h) "December settlement sheet" means the certificate of settlement  
 29          filed by the county auditor with the auditor of state, as required under  
 30          IC 6-1.1-27-3.  
 31          (i) "Tax duplicate" means the roll of property taxes ~~which~~ *that* each  
 32          county auditor is required to prepare ~~on or before March 1 of~~ each year  
 33          under IC 6-1.1-22-3.  
 34          (j) "Eligible property tax replacement amount" is, except as  
 35          otherwise provided by law, equal to the sum of the following **for**  
 36          **property taxes first due and payable before January 1, 2008:**  
 37                  (1) Sixty percent (60%) of the total county tax levy imposed by  
 38                  each school corporation in a county for its general fund for a

- 1           stated assessment year.
- 2           (2) Twenty percent (20%) of the total county tax levy (less sixty
- 3           percent (60%) of the levy for the general fund of a school
- 4           corporation that is part of the total county tax levy) imposed in a
- 5           county on real property for a stated assessment year.
- 6           (3) Twenty percent (20%) of the total county tax levy (less sixty
- 7           percent (60%) of the levy for the general fund of a school
- 8           corporation that is part of the total county tax levy) imposed in a
- 9           county on tangible personal property, excluding business personal
- 10          property, for an assessment year.
- 11          (k) "Business personal property" means tangible personal property
- 12          (other than real property) that is being:
- 13               (1) held for sale in the ordinary course of a trade or business; or
- 14               (2) held, used, or consumed in connection with the production of
- 15               income.
- 16          (l) "Taxpayer's property tax replacement credit amount" means,
- 17          except as otherwise provided by law, the sum of the following **for**
- 18          **property taxes first due and payable before January 1, 2008:**
- 19               (1) Sixty percent (60%) of a taxpayer's tax liability in a calendar
- 20               year for taxes imposed by a school corporation for its general fund
- 21               for a stated assessment year.
- 22               (2) Twenty percent (20%) of a taxpayer's tax liability for a stated
- 23               assessment year for a total county tax levy (less sixty percent
- 24               (60%) of the levy for the general fund of a school corporation that
- 25               is part of the total county tax levy) on real property.
- 26               (3) Twenty percent (20%) of a taxpayer's tax liability for a stated
- 27               assessment year for a total county tax levy (less sixty percent
- 28               (60%) of the levy for the general fund of a school corporation that
- 29               is part of the total county tax levy) on tangible personal property
- 30               other than business personal property.
- 31          (m) "Tax liability" means tax liability as described in section 5 of
- 32          this chapter.
- 33          (n) "General school operating levy" means the ad valorem property
- 34          tax levy of a school corporation in a county for the school corporation's
- 35          general fund.
- 36          (o) "Board" refers to the property tax replacement fund board
- 37          established under section 10 of this chapter.
- 38          SECTION 42. IC 6-1.1-21.1 IS ADDED TO THE INDIANA CODE

AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
UPON PASSAGE]:

**Chapter 21.1. State Property Tax Replacement Amount**

**Sec. 1. (a)** The department of local government finance shall  
before August 1, 2007, determine for each county the percentage  
in STEP THREE of the following formula:

**STEP ONE:** Determine the total amount of state-paid  
property tax replacement credits under IC 6-1.1-21 and  
state-paid homestead credits under IC 6-1.1-20.9 that are  
provided to all taxing units in the county in 2007.

**STEP TWO:** Determine the sum of the STEP ONE amounts  
for all counties.

**STEP THREE:** Divide the result determined for the county in  
STEP ONE by the STEP TWO result.

**(b)** The department shall make the determinations under  
subsection (a) based on the best information available at the time  
the determinations are made.

**Sec. 2. (a)** Each year the budget agency shall determine the sum  
of the following:

**(1)** One billion one hundred twenty-one million seven hundred  
thousand dollars (\$1,121,700,000).

**(2)** An amount equal to the net amount of revenue, after  
deducting collection allowances and refunds, that the budget  
agency estimates will be collected in the following calendar  
year from the part of the gross retail and use tax rate imposed  
under IC 6-2.5 equal to one percent (1%).

The estimate made under this subsection must be consistent with  
the latest technical forecast of state revenues that is prepared for  
distribution to the general assembly and the public and available  
to the budget agency at the time that the estimate is made.

**(b)** The budget agency shall before August 1 of each year  
determine for each county the result of:

**(1)** the amount determined in that year under subsection (a);  
multiplied by

**(2)** the percentage determined in 2007 for the county under  
section 1 of this chapter.

**(c)** The amount determined under subsection (b) is the county's  
state property tax replacement amount for the following calendar

1     **year.**

2           SECTION 43. IC 6-1.1-21.3 IS ADDED TO THE INDIANA CODE  
3     AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
4     UPON PASSAGE]:

5           **Chapter 21.3. Tax Increment Replacement for School Tuition**  
6     **Support Levies**

7           **Sec. 1. (a) This chapter applies to an allocation area established**  
8     **before January 1, 2008.**

9           **(b) This chapter does not apply to the part of an allocation area**  
10    **described under subsection (a) that is expanded after December 31,**  
11    **2007.**

12          **Sec. 2. Except as otherwise provided, the definitions in IC 36**  
13    **apply throughout this chapter.**

14          **Sec. 3. As used in this chapter, "allocation area" refers to an**  
15    **area that is established under the authority of any of the following**  
16    **statutes and in which tax increment revenues are collected:**

- 17           (1) IC 6-1.1-39.
- 18           (2) IC 8-22-3.5.
- 19           (3) IC 36-7-14.
- 20           (4) IC 36-7-14.5.
- 21           (5) IC 36-7-15.1.
- 22           (6) IC 36-7-30.
- 23           (7) IC 36-7-32.

24          **Sec. 4. As used in this chapter, "base assessed value" means the**  
25    **base assessed value as that term is defined or used in:**

- 26           (1) IC 6-1.1-39-5;
- 27           (2) IC 8-22-3.5-9;
- 28           (3) IC 36-7-14-39;
- 29           (4) IC 36-7-14-39.3;
- 30           (5) IC 36-7-15.1-26;
- 31           (6) IC 36-7-15.1-26.2;
- 32           (7) IC 36-7-15.1-35;
- 33           (8) IC 36-7-15.1-53;
- 34           (9) IC 36-7-15.1-55;
- 35           (10) IC 36-7-30-25;
- 36           (11) IC 36-7-30-26; or
- 37           (12) IC 36-7-32-4.

38          **Sec. 5. As used in this chapter, "district" refers to:**

- 1 (1) an economic development district under IC 6-1.1-39;
- 2 (2) an eligible entity (as defined in IC 8-22-3.5-2.5);
- 3 (3) a redevelopment district, for an allocation area established
- 4 under:
- 5 (A) IC 36-7-14;
- 6 (B) IC 36-7-15.1; or
- 7 (C) IC 36-7-32; or
- 8 (4) a special taxing district, as described in:
- 9 (A) IC 36-7-14.5-12.5(d); or
- 10 (B) IC 36-7-30-3(b).

11 Sec. 6. As used in this chapter, "governing body" means the

12 following:

- 13 (1) For an allocation area created under IC 6-1.1-39, the fiscal
- 14 body that established the economic development district.
- 15 (2) For an allocation area created under IC 8-22-3.5, the
- 16 commission (as defined in IC 8-22-3.5-2).
- 17 (3) For an allocation area created under IC 36-7-14, the
- 18 redevelopment commission.
- 19 (4) For an allocation area created under IC 36-7-14.5, the
- 20 redevelopment authority.
- 21 (5) For an allocation area created under IC 36-7-15.1, the
- 22 metropolitan development commission.
- 23 (6) For an allocation area created under IC 36-7-30, the
- 24 military base reuse authority.
- 25 (7) For an allocation area created under IC 36-7-32, the
- 26 redevelopment commission.

27 Sec. 7. As used in this chapter, "property taxes" means:

- 28 (1) property taxes, as used or defined in:
- 29 (A) IC 6-1.1-39-5(g);
- 30 (B) IC 36-7-14-39(a);
- 31 (C) IC 36-7-14-39.3(c);
- 32 (D) IC 36-7-15.1-26(a);
- 33 (E) IC 36-7-15.1-26.2(c);
- 34 (F) IC 36-7-15.1-53(a);
- 35 (G) IC 36-7-15.1-55(c);
- 36 (H) IC 36-7-30-25(a)(3);
- 37 (I) IC 36-7-30-26(c); or
- 38 (J) IC 36-7-32-17; or



1           (2) for allocation areas created under IC 8-22-3.5, the taxes  
2           assessed on taxable tangible property in the allocation area.

3           **Sec. 8.** As used in this chapter, "special fund" means:

- 4           (1) the special funds referred to in IC 6-1.1-39-5(a);
- 5           (2) the special funds referred to in IC 8-22-3.5-9(e);
- 6           (3) the allocation fund referred to in IC 36-7-14-39(b)(2);
- 7           (4) the allocation fund referred to in IC 36-7-14.5-12.5(d);
- 8           (5) the special fund referred to in IC 36-7-15.1-26(b)(2);
- 9           (6) the special fund referred to in IC 36-7-15.1-53(b)(2);
- 10          (7) the allocation fund referred to in IC 36-7-30-25(b)(2); or
- 11          (8) the certified technology park fund referred to in
- 12          IC 36-7-32-17.

13          **Sec. 9.** As used in this chapter, "tax increment replacement  
14          amount" means the tax increment replacement amount determined  
15          under section 11 of this chapter.

16          **Sec. 10.** As used in this chapter, "tax increment revenues"  
17          means the property taxes attributable to the assessed value of  
18          property in excess of the base assessed value.

19          **Sec. 11. (a)** Not later than September 1 of a year in which a  
20          general reassessment does not become effective, the governing  
21          body shall estimate the tax increment replacement amount for each  
22          allocation area under the jurisdiction of the governing body for the  
23          next calendar year. In a year in which a general reassessment  
24          becomes effective, the department of local government finance may  
25          extend the deadline under this subsection by giving written notice  
26          to the governing body before the deadline.

27          **(b)** The tax increment replacement amount is the amount  
28          determined in STEP THREE of the following formula:

29               **STEP ONE:** The governing body shall estimate the amount of  
30               tax increment revenues the governing body would receive in  
31               the next calendar year if the property taxes with respect to the  
32               tuition support levies imposed by all school corporations in  
33               the allocation area were determined under IC 20-45 as in  
34               effect January 1, 2007.

35               **STEP TWO:** The governing body shall estimate the amount  
36               of tax increment revenues the governing body will receive in  
37               the next calendar year after the reduction or elimination of  
38               tuition support levies under IC 20-45-3-11(b) through

1           **IC 20-45-3-11(c) for all school corporations in the allocation**  
 2           **area.**

3           **STEP THREE: Subtract the STEP TWO amount from the**  
 4           **STEP ONE amount.**

5           **Sec. 12. (a) A tax is imposed each year on all taxable property**  
 6           **in the district in which the governing body exercises jurisdiction.**

7           **(b) Except as provided in subsections (c) and (d), the tax**  
 8           **imposed under this section shall be automatically imposed at a rate**  
 9           **sufficient to generate the tax increment replacement amount**  
 10           **determined under section 11(b) of this chapter for that year.**

11           **(c) The legislative body of the unit that established the district**  
 12           **may:**

13           **(1) reduce the amount of the tax to be levied under this**  
 14           **section; or**

15           **(2) determine that a tax should not be levied under this**  
 16           **section.**

17           **(d) This subsection applies to a district in which the total**  
 18           **assessed value of all allocation areas in the district is greater than**  
 19           **ten percent (10%) of the total assessed value of the district. Except**  
 20           **as provided in section 14(d) of this chapter, a tax levy imposed**  
 21           **under this section may not exceed the lesser of:**

22           **(1) the tax increment replacement amount; or**

23           **(2) the amount that will result from the imposition of a rate**  
 24           **for the tax levy that the department of local government**  
 25           **finance estimates will cause the total tax rate in the district to**  
 26           **be one hundred ten percent (110%) of the rate that would**  
 27           **apply if the tax levy authorized by this chapter were not**  
 28           **imposed for the year.**

29           **Sec. 13. (a) A district described in section 12(d) of this chapter**  
 30           **may appeal to the department of local government finance for a**  
 31           **distribution from the state general fund if the district has imposed**  
 32           **the maximum tax levy permissible under section 12(d) of this**  
 33           **chapter.**

34           **(b) The maximum amount of a distribution under this section is**  
 35           **the amount determined by subtracting the amount of the tax levied**  
 36           **under section 12(d) of this chapter from the tax increment**  
 37           **replacement amount determined under section 11(b) of this**  
 38           **chapter.**

1           (c) An appeal under this section must be filed before September  
2           20 of a year.

3           Sec. 14. (a) The department of local government finance shall  
4           approve an appeal filed under section 13 of this chapter if the  
5           department determines that:

6               (1) the governing body's estimate of the tax replacement  
7               amount under section 11 of this chapter is reasonable;

8               (2) a tax levy in excess of the amount determined under  
9               section 12(d) of this chapter would:

10               (A) create a significant financial hardship on taxpayers  
11               residing in the district in which the governing body  
12               exercises jurisdiction;

13               (B) significantly reduce the benefits of the reduction and  
14               eventual elimination of tuition support levies for each  
15               school corporation; or

16               (C) have a disproportionate impact on small businesses or  
17               low income families or individuals; and

18               (3) the governing body has made reasonable efforts to limit its  
19               use of the special fund for the allocation area to  
20               appropriations for payments of:

21               (A) the principal and interest on loans or bonds;

22               (B) lease rentals on leases; and

23               (C) amounts due on other contractual obligations.

24           (b) In a year in which a general reassessment does not become  
25           effective, the department of local government finance shall make  
26           a final determination on an appeal filed under this section by  
27           December 1 of the year. In a year in which a general reassessment  
28           becomes effective, the department may extend the deadline under  
29           this subsection by giving written notice to the appellant before the  
30           deadline.

31           (c) If the department of local government finance approves an  
32           appeal filed under section 13 of this chapter, the department shall  
33           order a distribution from the state general fund.

34           (d) If the department of local government finance denies an  
35           appeal filed under section 13 of this chapter, or does not grant the  
36           maximum permissible distribution under section 13(b) of this  
37           chapter, the legislative body of the unit that established the district  
38           may increase the levy imposed under this chapter to an amount

1 that, when combined with any distribution received under this  
2 chapter, does not exceed the tax increment replacement amount.

3 **Sec. 15. (a) A tax levied under this chapter shall be certified by**  
4 **the department of local government finance to the auditor of the**  
5 **county in which the district is located and shall be:**

6 (1) estimated and entered upon the tax duplicates by the  
7 county auditor; and

8 (2) collected and enforced by the county treasurer;  
9 in the same manner as state and county taxes are estimated,  
10 entered, collected, and enforced.

11 (b) As the tax is collected by the county treasurer, it shall be  
12 transferred to the governing body and accumulated and kept in the  
13 special fund for the allocation area.

14 (c) A tax levied under this chapter:

15 (1) is exempt from property tax levy limitations; and

16 (2) is not subject to IC 6-1.1-20.

17 (d) A tax levied under this chapter and the use of revenues from  
18 a tax levied under this chapter by a governing body do not create  
19 a constitutional or statutory debt, pledge, or obligation of the  
20 governing body, the district, or any unit.

21 SECTION 44. IC 6-1.1-29-1 IS AMENDED TO READ AS  
22 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Except as  
23 provided in section 9 of this chapter, each county shall have a county  
24 board of tax adjustment composed of seven (7) members. The members  
25 of the county board of tax adjustment shall be selected as follows:

26 (1) The county fiscal body shall appoint a member of the body to  
27 serve as a member of the county board of tax adjustment.

28 (2) Either the executive of the largest city in the county or a  
29 public official of any city in the county appointed by that  
30 executive shall serve as a member of the board. However, if there  
31 is no incorporated city in the county, the fiscal body of the largest  
32 incorporated town of the county shall appoint a member of the  
33 body to serve as a member of the county board of tax adjustment.

34 (3) The governing body of the school corporation, located entirely  
35 or partially within the county, which has the greatest taxable  
36 valuation of any school corporation of the county shall appoint a  
37 member of the governing body to serve as a member of the county  
38 board of tax adjustment.

(4) The remaining four (4) members of the county board of tax adjustment must be residents of the county and freeholders and shall be appointed by the board of commissioners of the county.

**(b) This section expires December 31, 2008.**

SECTION 45. IC 6-1.1-29-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 1.5. (a) On January 1, 2009, there is established in each county a county board of tax and capital projects review. Except as provided by subsections (b)(7), (b)(8), (c)(7), and (c)(8), each member of the board must be an elected official serving on the fiscal body of the taxing unit or the group of taxing units that the individual represents. The board consists of nine (9) members. All members except the county auditor are voting members. However, the county auditor is entitled to vote to break a tie vote.**

**(b) For a county having at least two (2) cities, at least two (2) towns, and at least two (2) school corporations, the members of the county board of tax and capital projects review are as follows:**

**(1) One (1) individual from the county fiscal body.**

**(2) One (1) individual from the fiscal body of the municipality that has the greatest taxable assessed valuation in the county.**

**(3) One (1) individual from the fiscal body of the school corporation that has the greatest taxable assessed valuation in the county.**

**(4) One (1) individual from the fiscal bodies of the cities within the county, excluding a municipality described in subdivision (2).**

**(5) One (1) individual from the fiscal body of a school corporation within the county (excluding a school corporation described in subdivision (3)), appointed jointly by the fiscal bodies of the school corporations. The appointment under this subdivision must be made from the fiscal bodies of the school corporations (excluding a school corporation described in subdivision (3)) on a rotating basis determined by the school corporations.**

**(6) One (1) individual from the fiscal bodies of the towns within the county, excluding a town described in subdivision (2).**

1           (7) Two (2) individuals who are residents of the county and  
2           are elected by the voters of the county under IC 3-10-2-13.

3           (8) The county auditor.

4           (c) For a county not described in subsection (b), the members of  
5           the county board of tax and capital projects review are as follows:

6           (1) One (1) individual from the county fiscal body.

7           (2) One (1) individual from the fiscal body of the municipality  
8           that has the greatest taxable assessed valuation in the county.

9           (3) One (1) individual from the fiscal body of the school  
10          corporation that has the greatest taxable assessed valuation in  
11          the county.

12          (4) One (1) individual from the fiscal bodies of the cities  
13          within the county, or towns within the county in the case of a  
14          county not having any cities. However, a municipality  
15          described in subdivision (2) is excluded.

16          (5) One (1) individual from the fiscal bodies of the school  
17          corporations within the county, excluding the school  
18          corporation described in subdivision (3), unless that school  
19          corporation is the only school corporation within the county.  
20          If there is more than one (1) school corporation represented  
21          under this subdivision, the appointment under this subdivision  
22          must be made from the fiscal bodies of the school  
23          corporations (excluding a school corporation described in  
24          subdivision (3)) on a rotating basis determined by the school  
25          corporations.

26          (6) One (1) individual from the fiscal bodies of the towns  
27          within the county. However, a town described in subdivision  
28          (2) and a town described in subdivision (4) are excluded.

29          (7) Two (2) individuals who are residents of the county and  
30          are elected by the voters of the county under IC 3-10-2-13.

31          (8) The county auditor.

32          However, if the county has less than three (3) municipalities,  
33          subsection (d), rather than subdivisions (2), (4), and (6), governs  
34          the selection of members to represent those municipalities.

35          (d) If a county is subject to subsection (c) but has less than three  
36          (3) municipalities, the members of the board who represent those  
37          municipalities are determined in the following manner:

38          (1) If the county has two (2) municipalities, the members

1        **representing those municipalities are two (2) individuals from**  
 2        **the fiscal body of the municipality that has the greatest**  
 3        **taxable assessed valuation and one (1) individual from the**  
 4        **fiscal body of the other municipality.**

5        **(2) If the county has only one (1) municipality, the members**  
 6        **representing that municipality are three (3) individuals from**  
 7        **the fiscal body of the municipality.**

8        **(e) Members of a county board of tax and capital projects**  
 9        **review shall be appointed or elected as provided in section 2 of this**  
 10       **chapter.**

11       **(f) For purposes of Article 2, Section 9 of the Constitution of the**  
 12       **State of Indiana, membership on a county board of tax and capital**  
 13       **projects review is not a lucrative office.**

14       **(g) A county board of tax and capital projects review is subject**  
 15       **to IC 5-14-1.5 and IC 5-14-3.**

16       SECTION 46. IC 6-1.1-29-2 IS AMENDED TO READ AS  
 17       FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. **(a) The seven (7)**  
 18       **members of the county board of tax adjustment shall be appointed**  
 19       **before April 15th of each year, and their appointments shall continue**  
 20       **in effect until April 15th of the following year. The four (4) freehold**  
 21       **members of the county board of tax adjustment may not be, or have**  
 22       **been during the year preceding their appointment, an official or**  
 23       **employee of a political subdivision. The four (4) freehold members**  
 24       **shall be appointed in such a manner that no more than four (4) of the**  
 25       **board members are members of the same political party. This**  
 26       **subsection expires December 31, 2008.**

27       **(b) The following apply, notwithstanding any other provision:**

28       **(1) A member may not be appointed to a county board of tax**  
 29       **adjustment after December 31, 2008.**

30       **(2) The term of a member of a county board of tax adjustment**  
 31       **serving on December 31, 2008, expires on December 31, 2008.**

32       **(3) Each county board of tax adjustment is abolished on**  
 33       **December 31, 2008.**

34       **(c) On or before December 31 of 2008 and each even-numbered**  
 35       **year thereafter, each fiscal body required to make an appointment**  
 36       **to a county board of tax and capital projects review under section**  
 37       **1.5 of this chapter shall make the required appointment or**  
 38       **appointments of members who will represent the fiscal body on the**

1 county board of tax and capital projects review. The appointments  
 2 take effect January 1 of the following odd-numbered year and  
 3 continue in effect until December 31 of the following  
 4 even-numbered year. If a member is to be appointed by one (1)  
 5 fiscal body, the appointment must be made by a majority vote of  
 6 the fiscal body in official session. If a member is to be appointed by  
 7 more than one (1) fiscal body, the appointment must be made by a  
 8 majority vote of the total members of the fiscal bodies taken in  
 9 joint session. If:

10 (1) a fiscal body fails; or

11 (2) the fiscal bodies, in the case of a joint appointment, fail;  
 12 to make a required appointment of a member by December 31 of  
 13 an even-numbered year, the county fiscal body shall make the  
 14 appointment from the appropriate fiscal body.

15 (d) At the general election in 2008 and every four (4) years  
 16 thereafter, the voters of each county shall under IC 3-10-2-13 elect  
 17 two (2) individuals who are residents of the county as members of  
 18 the county board of tax and capital projects review. The term of  
 19 office of a member elected under this subsection begins January 1  
 20 of the year following the member's election and ends December 31  
 21 of the fourth year following the member's election.

22 (e) A member appointed or elected under this section may not  
 23 be, or have been during the year preceding the member's  
 24 appointment or election, an officer or employee of a political  
 25 subdivision.

26 SECTION 47. IC 6-1.1-29-2.5 IS ADDED TO THE INDIANA  
 27 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 28 [EFFECTIVE JULY 1, 2007]: Sec. 2.5. (a) This section applies after  
 29 December 31, 2008.

30 (b) Five (5) members of the county board of tax and capital  
 31 projects review constitute a quorum.

32 (c) The county board of tax and capital projects review may  
 33 adopt rules for the transaction of business at its meetings.

34 (d) The affirmative votes of at least five (5) members of the  
 35 county board of tax and capital projects review are required for  
 36 the board to take action.

37 (e) The county auditor is the clerk of the county board of tax  
 38 and capital projects review and shall:



- (1) preserve the board's records in the auditor's office;**
- (2) keep an accurate record of the board's proceedings; and**
- (3) record the ayes and nays on each vote of the board.**

SECTION 48. IC 6-1.1-29-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. **(a)** If a vacancy occurs in the membership of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008) with respect to an appointment made by a fiscal body**, the vacancy shall be filled in the same manner provided for the original appointment.

**(b) If a vacancy occurs after December 31, 2008, in the membership of the county board of tax and capital projects review with respect to a member elected under section 2(d) of this chapter, the county fiscal body shall appoint an individual to fill the vacancy for the remainder of the term.**

SECTION 49. IC 6-1.1-29-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. **(a) Except as provided in subsection (b),** each county board of tax adjustment **(before January 1, 2009) or county board of tax and capital projects review (after December 31, 2008),** except the board for a consolidated city and county and for a county containing a second class city, shall hold its first meeting of each year **for the purpose of reviewing budgets, tax rates, and levies** on September 22 or on the first business day after September 22, if September 22 is not a business day. The board for a consolidated city and county and for a county containing a second class city shall hold its first meeting of each year **for the purpose of reviewing budgets, tax rates, and levies** on the first Wednesday following the adoption of city and county budget, tax rate, and tax levy ordinances. The board shall hold the ~~first~~ meeting at the office of the county auditor. At the first meeting of each year, the board shall elect a chairman and a vice-chairman. After ~~the first this~~ meeting, the board shall continue to meet from day to day **at any convenient place** until its business is completed. However, the board must, **except as provided in subsection (b),** complete its duties on or before the date prescribed in IC 6-1.1-17-9(a). ~~After the first meeting, the board may hold subsequent meetings at any convenient place.~~

**(b) This section does not limit the ability of the county board of tax and capital projects review to meet after December 31, 2008, at**

1 **any time during a year to carry out its duties under IC 6-1.1-29.5.**

2 SECTION 50. IC 6-1.1-29-5 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The county auditor  
4 shall serve as clerk of the county board of tax adjustment. The clerk  
5 shall keep a complete record of all the board's proceedings. The clerk  
6 may not vote on matters before the board. **This section expires**  
7 **December 31, 2008.**

8 SECTION 51. IC 6-1.1-29-6 IS AMENDED TO READ AS  
9 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. **(a)** The four (4)  
10 freehold members of the county board of tax adjustment shall receive  
11 compensation on a per diem basis for each day of actual service. The  
12 rate of this compensation is the same as the rate that the freehold  
13 members of the county property tax assessment board of appeals of that  
14 county receive. The county auditor shall keep an attendance record of  
15 each meeting of the county board of tax adjustment. At the close of  
16 each annual session, the county auditor shall certify to the county board  
17 of commissioners the number of days actually served by each freehold  
18 member. The county board of commissioners may not allow claims for  
19 service on the county board of tax adjustment for more days than the  
20 number of days certified by the county auditor. **This subsection**  
21 **expires December 31, 2008.**

22 **(b) A member of the county board of tax and capital projects**  
23 **review who is elected under section 1.5 of this chapter shall receive**  
24 **compensation from the county on a per diem basis for each day of**  
25 **actual service on the board. The rate of the compensation is equal**  
26 **to the rate that members of the county property tax assessment**  
27 **board of appeals in the county receive under IC 6-1.1-28-3. The**  
28 **county auditor shall keep an attendance record of each meeting of**  
29 **the county board of tax and capital projects review. The county**  
30 **auditor shall certify to the county executive the number of days**  
31 **actually served by each elected member. The county executive may**  
32 **not allow claims for service on the county board of tax and capital**  
33 **projects review for more days than the number of days certified by**  
34 **the county auditor. Appointed members of the county board of tax**  
35 **and capital projects review are not entitled to per diem**  
36 **compensation.**

37 SECTION 52. IC 6-1.1-29-7 IS AMENDED TO READ AS  
38 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. A county board of

1 tax adjustment **(before January 1, 2009) or the county board of tax**  
 2 **and capital projects review (after December 31, 2008)** may require  
 3 an official of a political subdivision of the county to appear before the  
 4 board. In addition, the board may require such an official to provide the  
 5 board with information which is related to the budget, tax rate, or tax  
 6 levy of the political subdivision.

7 SECTION 53. IC 6-1.1-29-8 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. A county board of  
 9 tax adjustment **(before January 1, 2009) or the county board of tax**  
 10 **and capital projects review (after December 31, 2008)** may employ  
 11 an examiner of the state board of accounts to assist the county board  
 12 with its duties. If the board desires to employ an examiner, it shall  
 13 adopt a resolution which states the number of days that the examiner  
 14 is to serve, when the county board files a copy of the resolution with  
 15 the chief examiner of the state board of accounts, the state board of  
 16 accounts shall assign an examiner to the county board of tax adjustment  
 17 **(before January 1, 2009) or the county board of tax and capital**  
 18 **projects review (after December 31, 2008)** for the number of days  
 19 stated in the resolution. When an examiner of the state board of  
 20 accounts is employed by a county board of tax adjustment **(before**  
 21 **January 1, 2009) or a county board of tax and capital projects**  
 22 **review (after December 31, 2008)** under this section, the county shall  
 23 pay the expenses related to ~~his~~ **the examiner's** services in the same  
 24 manner that expenses are to be paid under IC 1971, 5-11-4-3.

25 SECTION 54. IC 6-1.1-29-9, AS AMENDED BY P.L.2-2006,  
 26 SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 27 JULY 1, 2007]: Sec. 9. (a) **This subsection expires December 31,**  
 28 **2008.** A county council may adopt an ordinance to abolish the county  
 29 board of tax adjustment. This ordinance must be adopted by July 1 and  
 30 may not be rescinded in the year it is adopted. Notwithstanding  
 31 IC 6-1.1-17, IC 6-1.1-18, IC 20-45, IC 20-46, IC 12-19-7, IC 12-19-7.5,  
 32 IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4,  
 33 and IC 36-9-13, if such an ordinance is adopted, this section governs  
 34 the treatment of tax rates, tax levies, and budgets that would otherwise  
 35 be reviewed by a county board of tax adjustment under IC 6-1.1-17.

36 **(b) This subsection applies after December 31, 2008. Subject to**  
 37 **subsection (e), a county board of tax and capital projects review**  
 38 **may not review or modify tax rates, tax levies, and budgets if the**

1       **county council:**

2               **(1) adopts an ordinance to abolish the county board of tax**  
 3               **adjustment before January 1, 2009; or**

4               **(2) adopts an ordinance before July 2 of any year to prohibit**  
 5               **the county board of tax and capital projects review from**  
 6               **carrying out such reviews.**

7       **An ordinance described in this subsection may not be rescinded in**  
 8       **the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18,**  
 9       **IC 12-19-7, IC 12-19-7.5, IC 20-45, IC 20-46, IC 36-8-6, IC 36-8-7,**  
 10       **IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if**  
 11       **such an ordinance is adopted and has not been rescinded, this**  
 12       **section governs the treatment of tax rates, tax levies, and budgets**  
 13       **that would otherwise be reviewed by a county board of tax and**  
 14       **capital projects review under IC 6-1.1-17.**

15       ~~(b)~~ **(c) The time requirements set forth in IC 6-1.1-17 govern all**  
 16       **filings and notices.**

17       ~~(c)~~ **(d) If an ordinance described in subsection (a) or (b) is**  
 18       **adopted and has not been rescinded, a tax rate, tax levy, or budget**  
 19       **that otherwise would be reviewed by the county board of tax**  
 20       **adjustment (before January 1, 2009) or the county board of tax and**  
 21       **capital projects review (after December 31, 2008) is considered and**  
 22       **must be treated for all purposes as if the county board of tax adjustment**  
 23       **approved the tax rate, tax levy, or budget. This includes the notice of**  
 24       **tax rates that is required under IC 6-1.1-17-12.**

25       **(e) This section does not prohibit a county board of tax and**  
 26       **capital projects review from reviewing tax rates, tax levies, and**  
 27       **budgets for informational purposes as necessary to carry out its**  
 28       **duties under IC 6-1.1-29.5.**

29       **SECTION 55. IC 6-1.1-29.5 IS ADDED TO THE INDIANA CODE**  
 30       **AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE**  
 31       **JULY 1, 2007]:**

32       **Chapter 29.5. Capital Projects Review**

33       **Sec. 1. As used in this chapter, "capital project" means any:**

34               **(1) acquisition of land;**

35               **(2) site improvements;**

36               **(3) infrastructure improvements;**

37               **(4) construction of buildings or structures;**

38               **(5) rehabilitation, renovation, or enlargement of buildings or**

1 structures; or  
 2 (6) acquisition or improvement of machinery, equipment,  
 3 furnishings, or facilities required for the operation of  
 4 buildings, structures, or infrastructure;  
 5 (or any combination of subdivisions (1) through (6)) by a political  
 6 subdivision.

7 Sec. 2. As used in this chapter, "fiscal body" has the meaning set  
 8 forth in IC 36-1-2-6.

9 Sec. 3. As used in this chapter, "political subdivision" has the  
 10 meaning set forth in IC 36-1-2-13.

11 Sec. 4. As used in this chapter, "review board" refers to the  
 12 county board of tax and capital projects review established in a  
 13 county under IC 6-1.1-29.

14 Sec. 5. (a) The fiscal body of each political subdivision shall do  
 15 the following:

16 (1) After January 1 and before October 1 of 2009 and every  
 17 two (2) years thereafter:

18 (A) hold a public hearing on a proposed capital projects  
 19 plan for the political subdivision; and

20 (B) adopt a capital projects plan by ordinance or  
 21 resolution.

22 (2) Submit a copy of the capital projects plan and the  
 23 ordinance or resolution to the review board not later than  
 24 fifteen (15) days following the adoption of the capital projects  
 25 plan.

26 (b) If a political subdivision contains territory in more than one  
 27 (1) county, the fiscal body shall transmit a copy of the capital  
 28 projects plan and the ordinance or resolution to the review board  
 29 of each county in which the political subdivision contains territory.

30 Sec. 6. (a) The department of local government finance shall by  
 31 rule prescribe the format of a capital projects plan. A capital  
 32 projects plan must apply to at least the five (5) years immediately  
 33 following the year the capital projects plan is adopted and must  
 34 include the following components for each year covered by the  
 35 capital projects plan:

36 (1) A general description of the political subdivision.

37 (2) A description of facilities owned by the political  
 38 subdivision and the use of the facilities.

1           (3) The location and general description of each proposed  
2           capital project and the intended use of each proposed capital  
3           project.

4           (4) The estimated total cost of each proposed capital project.

5           (5) Identification of all sources of funds expected to be used  
6           for each proposed capital project.

7           (6) The planning, development, and construction schedule of  
8           each proposed capital project.

9           (7) Any other element required by the department of local  
10          government finance.

11          (b) The department of local government finance shall by rule  
12          establish a procedure for amendment of a capital projects plan in  
13          the case of an emergency.

14          Sec. 7. Before a public hearing on a proposed capital projects  
15          plan is held by the fiscal body of a political subdivision under  
16          section 5(a)(1) of this chapter, the fiscal body shall publish a  
17          summary of the proposed capital projects plan and a notice of the  
18          hearing in accordance with IC 5-3-1-2(b).

19          Sec. 8. When the fiscal body of a political subdivision holds a  
20          public hearing on a proposed capital projects plan under section  
21          5(a)(1) of this chapter, the fiscal body shall allow the public the  
22          opportunity to testify concerning the proposed capital projects  
23          plan. However, the fiscal body may limit testimony at the public  
24          hearing to a reasonable time stated at the opening of the public  
25          hearing.

26          Sec. 9. (a) The review board shall hold a public hearing on a  
27          proposed capital projects plan submitted by a political subdivision.  
28          The review board shall allow the public the opportunity to testify  
29          concerning the proposed capital projects plan.

30          (b) The review board shall provide the fiscal body of a political  
31          subdivision with a written report concerning the review board's  
32          findings and recommendations concerning the fiscal body's capital  
33          projects plan not more than sixty (60) business days after the  
34          review board's receipt of the capital projects plan.

35          (c) If the fiscal body of a political subdivision receives a written  
36          report under subsection (b) that makes a recommendation against  
37          an element included in the political subdivision's capital projects  
38          plan, the political subdivision may retain that element in the capital

1 projects plan only if the fiscal body at a public meeting addresses  
 2 the review board's concerns and enters into the record of the  
 3 public meeting an explanation of why that element should be  
 4 retained in the capital projects plan.

5 Sec. 10. (a) This section applies only to a capital project that is  
 6 a controlled project (as defined in IC 6-1.1-20-1.1).

7 (b) The fiscal body of a political subdivision that intends to  
 8 construct a capital project subject to this section:

9 (1) must submit the plan of the capital project to the review  
 10 board in the manner provided by this chapter; and

11 (2) except as provided in section 14 of this chapter, may not:

12 (A) begin construction of the capital project;

13 (B) enter into contracts for the construction of the capital  
 14 project;

15 (C) procure supplies necessary for construction of the  
 16 capital project;

17 (D) issue bonds, notes, or warrants, or otherwise borrow  
 18 money for the capital project;

19 (E) enter into a lease or other agreement that would  
 20 provide debt service for bonds or other obligations issued  
 21 by the political subdivision or another entity to finance the  
 22 capital project; or

23 (F) approve any of the actions described in clauses (A)  
 24 through (E) by another entity;

25 unless the review board approves the capital project under  
 26 section 13 of this chapter.

27 (c) If a political subdivision contains territory in more than one  
 28 (1) county, the fiscal body of the political subdivision must submit  
 29 the proposed capital project to the review board of each of those  
 30 counties.

31 (d) The fiscal body of a political subdivision may not artificially  
 32 divide a capital project into multiple capital projects in order to  
 33 avoid the requirements of this section.

34 Sec. 11. (a) Before the fiscal body of a political subdivision may  
 35 submit a capital project described in section 10 of this chapter to  
 36 the review board, the fiscal body shall:

37 (1) hold a public hearing on the proposed capital project; and

38 (2) prepare a feasibility study that supports the scope and cost

1           of the proposed capital project.

2       Before a public hearing on a proposed capital project is held by the  
3       fiscal body of a political subdivision under this section, the fiscal  
4       body shall publish a description of the proposed capital project and  
5       a notice of the hearing in accordance with IC 5-3-1-2(b).

6           (b) The fiscal body of a political subdivision may consider  
7       multiple capital projects at a public hearing held under this  
8       section.

9           (c) When the fiscal body of a political subdivision holds a public  
10      hearing under this section, the fiscal body shall allow any person  
11      an opportunity to be heard in the presence of others who are  
12      present to testify with respect to the proposed capital project.  
13      However, the fiscal body may limit testimony at a public hearing  
14      to a reasonable time stated at the opening of the public hearing.

15          (d) After holding a public hearing under this section and  
16      considering all information submitted by persons testifying at the  
17      hearing, the fiscal body of a political subdivision may adopt an  
18      ordinance or resolution requesting approval of the proposed  
19      capital project by the review board. The fiscal body shall  
20      immediately transmit a copy of the ordinance or resolution to the  
21      review board. If the political subdivision contains territory in more  
22      than one (1) county, the fiscal body shall transmit a copy of the  
23      ordinance or resolution to the review board of each of those  
24      counties.

25      Sec. 12. (a) Before taking action on a request for approval of a  
26      proposed capital project described in section 10 of this chapter, a  
27      review board must conduct a public hearing on the proposed  
28      project. If a public hearing is scheduled under this section, the  
29      review board shall publish a description of the proposed capital  
30      project and a notice of the hearing in accordance with  
31      IC 5-3-1-2(b).

32          (b) The review board may consider multiple capital projects at  
33      a public hearing held under this section.

34          (c) The review board may require the fiscal body of a political  
35      subdivision that submits a request for approval of a capital project  
36      to provide plans, specifications, cost estimates, estimated impacts  
37      on tax rates, and other relevant information concerning that  
38      project.



(d) When a review board holds a public hearing under this section, the review board shall allow the public an opportunity to testify concerning the proposed capital project. However, the review board may limit testimony at a public hearing to a reasonable time stated at the opening of the public hearing.

Sec. 13. (a) After considering all information submitted at the hearing under section 12 of this chapter by the fiscal body of the political subdivision and by persons testifying at the hearing, the review board may approve, disapprove, modify then approve, or delay the implementation of a proposed capital project. The review board may consider the following factors when reviewing a proposed capital project:

- (1) The age, condition, and adequacy of existing facilities.
- (2) The cost per square foot of the proposed capital project.
- (3) The relative priority the proposed capital project should have among other capital projects proposed within the county.
- (4) The estimated impact the proposed capital project would have on tax rates.
- (5) Any other factors considered pertinent by the review board.

(b) A review board may not disapprove a proposed capital project that is required by a court order but may modify the capital project in a manner that does not violate the order.

(c) If a review board does not issue a decision with respect to a proposed capital project within ninety (90) days after the review board's receipt of the plan of the capital project under section 11 of this chapter, the capital project is considered approved by the review board as submitted.

(d) The following apply if a proposed capital project is submitted to the review boards of two (2) or more counties as required by section 10(c) of this chapter:

- (1) If the project is disapproved by any of the review boards, the project is considered to be disapproved.
- (2) If the project is not disapproved by any of the review boards, but the review boards reach different decisions concerning the approval, modification, or delay of the project, the decision of the review board for the county that contains

1           the greatest percentage of the political subdivision's  
2           population controls.

3           (e) If the review board modifies and then approves a capital  
4           project, the review board shall provide a written report detailing  
5           the reason for that change to the fiscal body of the affected political  
6           subdivision within thirty (30) business days after the review  
7           board's decision.

8           (f) All orders of the review board under this section shall be  
9           filed with the affected political subdivision and with the  
10          department of local government finance.

11          Sec. 14. If the review board disapproves a capital project under  
12          section 13 of this chapter, the political subdivision that proposed  
13          the project may take any action under section 10(b)(2) of this  
14          chapter with regard to the capital project if:

15               (1) not more than sixty (60) days after the review board's  
16               disapproval, the political subdivision initiates the petition and  
17               remonstrance process under IC 6-1.1-20-3.4; and

18               (2) the capital project is approved in the petition and  
19               remonstrance process under IC 6-1.1-20.

20          SECTION 56. IC 6-1.1-36-12, AS AMENDED BY P.L.154-2006,  
21          SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
22          JULY 1, 2007]: Sec. 12. (a) A board of county commissioners, a county  
23          assessor, or an elected township assessor may enter into a contract for  
24          the discovery of property that has been undervalued or omitted from  
25          assessment. The contract must prohibit payment to the contractor for  
26          discovery of undervaluation or omission with respect to a parcel or  
27          personal property return before all appeals of the assessment of the  
28          parcel or the assessment under the return have been finalized. The  
29          contract may require the contractor to:

30               (1) examine and verify the accuracy of personal property returns  
31               filed by taxpayers with a township assessor of a township in the  
32               county **or the county assessor**; and

33               (2) compare a return with the books **and records** of the taxpayer  
34               and with personal property owned, held, possessed, controlled, or  
35               occupied by the taxpayer.

36          (b) The actions of a contractor under subsection (a)(1) or (a)(2)  
37          must be limited in scope to the three (3) assessment years ending  
38          before January 1 of the calendar year in which the taxpayer

1 receives notice of the contractor's actions. Notice provided under  
 2 this section must be in writing and must list each year for which  
 3 returns and other records may be reviewed under subsection (a).  
 4 For purposes of this subsection, notice is considered to have been  
 5 received by the taxpayer as of the date of the notice.

6 (c) IC 6-1.1-9-3 does not apply to a contractor's actions under  
 7 subsection (a).

8 ~~(b)~~ (d) This subsection applies if funds are not appropriated for  
 9 payment of services performed under a contract described in subsection  
 10 (a). The county auditor may create a special nonreverting fund in which  
 11 the county treasurer shall deposit the amount of taxes, including  
 12 penalties and interest, that result from additional assessments on  
 13 undervalued or omitted property collected from all taxing jurisdictions  
 14 in the county after deducting the amount of any property tax credits that  
 15 reduce the owner's property tax liability for the undervalued or omitted  
 16 property. The fund remains in existence during the term of the contract.  
 17 Distributions shall be made from the fund without appropriation only  
 18 for the following purposes **and in the following order:**

19 (1) **First, for** all contract fees and other costs related to the  
 20 contract.

21 (2) **Second, for deposit in the county's reassessment fund. The**  
 22 **amount deposited in the county's reassessment fund under**  
 23 **this subdivision may not exceed twenty percent (20%) of the**  
 24 **remaining money collected as a result of a contract entered**  
 25 **into under this section.**

26 ~~(2)~~ (e) After the payments required by ~~subdivision~~ ~~(1)~~ subsection  
 27 (d) have been made and the contract has expired, the county auditor  
 28 shall distribute all money remaining in the fund to the appropriate  
 29 taxing units in the county using the property tax rates of each taxing  
 30 unit in effect at the time of the distribution.

31 (f) **If the money in the fund established under subsection (b) is**  
 32 **insufficient to pay the fees and costs related to a contract described**  
 33 **in subsection (a), the county may pay the remaining fees and costs**  
 34 **from the county's reassessment fund.**

35 ~~(e)~~ (g) A board of county commissioners, a county assessor, or an  
 36 elected township assessor may not contract for services under  
 37 subsection (a) on a percentage basis.

38 (h) **The department shall adopt rules under IC 4-22-2 to govern**

1     **the certification of persons who wish to obtain a contract under**  
 2     **this section.**

3         SECTION 57. IC 6-3.5-1.1-1.1, AS ADDED BY P.L.207-2005,  
 4         SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 5         UPON PASSAGE]: Sec. 1.1. (a) **Except as provided in subsection**  
 6         **(d)**, for purposes of allocating the certified distribution made to a  
 7         county under this chapter among the civil taxing units and school  
 8         corporations in the county, the allocation amount for a civil taxing unit  
 9         or school corporation is the amount determined using the following  
 10        formula:

11           STEP ONE: Determine the sum of the total property taxes being  
 12           collected by the civil taxing unit or school corporation during the  
 13           calendar year of the distribution.

14           STEP TWO: Determine the sum of the following:

15                (A) Amounts appropriated from property taxes to pay the  
 16                principal of or interest on any debenture or other debt  
 17                obligation issued after June 30, 2005, other than an obligation  
 18                described in subsection (b).

19                (B) Amounts appropriated from property taxes to make  
 20                payments on any lease entered into after June 30, 2005, other  
 21                than a lease described in subsection (c).

22                (C) The proceeds of any property that are:

23                   (i) received as the result of the issuance of a debt obligation  
 24                   described in clause (A) or a lease described in clause (B);  
 25                   and

26                   (ii) appropriated from property taxes for any purpose other  
 27                   than to refund or otherwise refinance a debt obligation or  
 28                   lease described in subsection (b) or (c).

29           STEP THREE: Subtract the STEP TWO amount from the STEP  
 30           ONE amount.

31           STEP FOUR: Determine the sum of:

32                (A) the STEP THREE amount; plus

33                (B) the civil taxing unit's or school corporation's certified  
 34                distribution for the previous calendar year.

35           (b) Except as provided in this subsection, an appropriation from  
 36           property taxes to repay interest and principal of a debt obligation is not  
 37           deducted from the allocation amount for a civil taxing unit or school  
 38           corporation if:

1           (1) the debt obligation was issued; and  
 2           (2) the proceeds appropriated from property taxes;  
 3 to refund or otherwise refinance a debt obligation or a lease issued  
 4 before July 1, 2005. However, an appropriation from property taxes  
 5 related to a debt obligation issued after June 30, 2005, is deducted if  
 6 the debt extends payments on a debt or lease beyond the time in which  
 7 the debt or lease would have been payable if the debt or lease had not  
 8 been refinanced or increases the total amount that must be paid on a  
 9 debt or lease in excess of the amount that would have been paid if the  
 10 debt or lease had not been refinanced. The amount of the deduction is  
 11 the annual amount for each year of the extension period or the annual  
 12 amount of the increase over the amount that would have been paid.

13           (c) Except as provided in this subsection, an appropriation from  
 14 property taxes to make payments on a lease is not deducted from the  
 15 allocation amount for a civil taxing unit or school corporation if:

16           (1) the lease was issued; and  
 17           (2) the proceeds were appropriated from property taxes;  
 18 to refinance a debt obligation or lease issued before July 1, 2005.  
 19 However, an appropriation from property taxes related to a lease  
 20 entered into after June 30, 2005, is deducted if the lease extends  
 21 payments on a debt or lease beyond the time in which the debt or lease  
 22 would have been payable if the debt or lease had not been refinanced  
 23 or increases the total amount that must be paid on a debt or lease in  
 24 excess of the amount that would have been paid if the debt or lease had  
 25 not been refinanced. The amount of the deduction is the annual amount  
 26 for each year of the extension period or the annual amount of the  
 27 increase over the amount that would have been paid.

28           **(d) Notwithstanding any other provision of this section, the**  
 29 **department of local government finance shall for each year after**  
 30 **2007 do the following:**

31           **(1) Adjust the allocation amount of each school corporation to**  
 32 **ensure that the school corporation's allocation amount is not**  
 33 **reduced (as a percentage of the part of certified distributions**  
 34 **that constitute property tax replacement credits) because of**  
 35 **the reduction or elimination of the school corporation's**  
 36 **tuition support levy under IC 20-45-3-11(b) through**  
 37 **IC 20-45-3-11(c).**

38           **(2) Adjust the allocation amount of each county to ensure that**

1        **the county's allocation amount is not reduced (as a percentage**  
 2        **of the part of certified distributions that constitute property**  
 3        **tax replacement credits) because of the reduction or**  
 4        **elimination of the county family and children's fund property**  
 5        **tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).**

6        SECTION 58. IC 6-3.5-1.1-2, AS AMENDED BY P.L.162-2006,  
 7        SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8        UPON PASSAGE]: Sec. 2. (a) The county council of any county in  
 9        which the county option income tax will not be in effect on ~~July~~  
 10       **October 1** of a year under an ordinance adopted during a previous  
 11       calendar year may impose the county adjusted gross income tax on the  
 12       adjusted gross income of county taxpayers of its county effective July  
 13       1 of that year.

14       (b) Except as provided in section 2.3, 2.5, 2.7, 2.8, 2.9, 3.3, 3.5, ~~or~~  
 15       3.6, **24, 25, or 26** of this chapter, the county adjusted gross income tax  
 16       may be imposed at a rate of one-half of one percent (0.5%),  
 17       three-fourths of one percent (0.75%), or one percent (1%) on the  
 18       adjusted gross income of resident county taxpayers of the county. Any  
 19       county imposing the county adjusted gross income tax must impose the  
 20       tax on the nonresident county taxpayers at a rate of one-fourth of one  
 21       percent (0.25%) on their adjusted gross income. If the county council  
 22       elects to decrease the county adjusted gross income tax, the county  
 23       council may decrease the county adjusted gross income tax rate in  
 24       increments of one-tenth of one percent (0.1%).

25       (c) To impose the county adjusted gross income tax, the county  
 26       council must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of  
 27       a year, adopt an ordinance. The ordinance must substantially state the  
 28       following:

29       "The \_\_\_\_\_ County Council imposes the county adjusted  
 30       gross income tax on the county taxpayers of \_\_\_\_\_ County.  
 31       The county adjusted gross income tax is imposed at a rate of  
 32       \_\_\_\_\_ percent (\_\_\_\_%) on the resident county taxpayers of the  
 33       county and one-fourth of one percent (0.25%) on the nonresident  
 34       county taxpayers of the county. This tax takes effect ~~July~~ **October**  
 35       1 of this year."

36       (d) Any ordinance adopted under this section takes effect ~~July~~  
 37       **October 1** of the year the ordinance is adopted.

38       (e) The auditor of a county shall record all votes taken on

ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

SECTION 59. IC 6-3.5-1.1-2.3, AS ADDED BY P.L.162-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.3. (a) This section applies to Jasper County.

(b) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to:

(1) finance, construct, acquire, improve, renovate, or equip:

(A) jail facilities;

(B) juvenile court, detention, and probation facilities;

(C) other criminal justice facilities; and

(D) related buildings and parking facilities;

located in the county, including costs related to the demolition of existing buildings and the acquisition of land; and

(2) repay bonds issued or leases entered into for the purposes described in subdivision (1).

(c) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to operate or maintain any of the facilities described in subsection (b)(1)(A) through (b)(1)(D) that are located in the county. The county council may make a determination under both this subsection and subsection (b).

(d) In addition to the rates permitted by section 2 of this chapter, the county council may impose the county adjusted gross income tax at a rate of:

(1) fifteen-hundredths percent (0.15%);

(2) two-tenths percent (0.2%); or

(3) twenty-five hundredths percent (0.25%);  
on the adjusted gross income of county taxpayers if the county council makes a finding and determination set forth in subsection (b) or (c).

(e) If the county council imposes the tax under this section to pay for the purposes described in both subsections (b) and (c), when:

(1) the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are completed; and

(2) all bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid;

the county council shall, subject to subsection (d), establish a tax rate under this section by ordinance such that the revenue from the tax does not exceed the costs of operating and maintaining the jail facilities described in subsection (b)(1)(A). The tax rate may not be imposed at a rate greater than is necessary to carry out the purposes described in subsections (b) and (c), as applicable.

(f) An ordinance adopted under this section before ~~June 1, 2006, or April~~ **August 1** in a ~~subsequent~~ year applies to the imposition of county income taxes after ~~June~~ **September** 30 in that year. An ordinance adopted under this section after ~~May 31, 2006, and March~~ **July** 31 of a ~~subsequent~~ year initially applies to the imposition of county option income taxes after ~~June~~ **September** 30 of the immediately following year.

(g) The tax imposed under this section may be imposed only until the latest of the following:

(1) The date on which the financing, construction, acquisition, improvement, renovation, and equipping described in subsection (b) are completed.

(2) The date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid.

(3) The date on which an ordinance adopted under subsection (c) is rescinded.

(h) The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (b)(2) may not exceed twenty (20) years.



(i) The county treasurer shall establish a criminal justice facilities revenue fund to be used only for purposes described in this section. County adjusted gross income tax revenues derived from the tax rate imposed under this section shall be deposited in the criminal justice facilities revenue fund before making a certified distribution under section 11 of this chapter.

(j) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

(1) may be used only for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged to the repayment of bonds issued or leases entered into for any or all the purposes described in subsection

(b).

(k) Notwithstanding any other law, money remaining in the criminal justice facilities revenue fund established under subsection (i) after the tax imposed by this section is terminated under ~~subsection (f)~~ **subsection (g)** shall be transferred to the county highway fund to be used for construction, resurfacing, restoration, and rehabilitation of county highways, roads, and bridges.

SECTION 60. IC 6-3.5-1.1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The county council may increase the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To increase the rate, the county council must, after ~~January 1~~ **March 31** but before ~~April 1~~ **August 1** of a year, adopt an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County Council increases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from \_\_\_\_\_ percent (\_\_\_\_%) to \_\_\_\_\_ percent (\_\_\_\_%). This tax rate increase takes effect ~~July~~ **October 1** of this year."

(b) Any ordinance adopted under this section takes effect ~~July~~ **October 1** of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by

1 certified mail.

2 SECTION 61. IC 6-3.5-1.1-3.1 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.1. (a) The county  
4 council may decrease the county adjusted gross income tax rate  
5 imposed upon the resident county taxpayers of the county. To decrease  
6 the rate, the county council must, after ~~January 1~~ **March 31** but before  
7 ~~April~~ **August 1** of a year, adopt an ordinance. The ordinance must  
8 substantially state the following:

9 "The \_\_\_\_\_ County Council decreases the county adjusted  
10 gross income tax rate imposed upon the resident county taxpayers  
11 of the county from \_\_\_\_\_ percent (\_\_\_\_%) to \_\_\_\_\_ percent  
12 (\_\_\_\_%). This tax rate decrease takes effect ~~July~~ **October 1** of this  
13 year.".

14 (b) A county council may not decrease the county adjusted gross  
15 income tax rate if the county or any commission, board, department, or  
16 authority that is authorized by statute to pledge the county adjusted  
17 gross income tax has pledged the county adjusted gross income tax for  
18 any purpose permitted by IC 5-1-14 or any other statute.

19 (c) Any ordinance adopted under this section takes effect ~~July~~  
20 **October 1** of the year the ordinance is adopted.

21 (d) The auditor of a county shall record all votes taken on  
22 ordinances presented for a vote under the authority of this section and  
23 immediately send a certified copy of the results to the department by  
24 certified mail.

25 (e) Notwithstanding IC 6-3.5-7, and except as provided in  
26 subsection (f), a county council that decreases the county adjusted  
27 gross income tax rate in a year may not in the same year adopt or  
28 increase the county economic development income tax under  
29 IC 6-3.5-7.

30 (f) This subsection applies only to a county having a population of  
31 more than one hundred ten thousand (110,000) but less than one  
32 hundred fifteen thousand (115,000). The county council may adopt or  
33 increase the county economic development income tax rate under  
34 IC 6-3.5-7 in the same year that the county council decreases the  
35 county adjusted gross income tax rate if the county economic  
36 development income tax rate plus the county adjusted gross income tax  
37 rate in effect after the county council decreases the county adjusted  
38 gross income tax rate is less than the county adjusted gross income tax

rate in effect before the adoption of an ordinance under this section decreasing the rate of the county adjusted gross income tax.

SECTION 62. IC 6-3.5-1.1-3.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.5. (a) This section applies only to a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000).

(b) The county council of a county described in subsection (a) may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to fund the operation and maintenance of a jail and justice center.

(c) Notwithstanding section 2 of this chapter, if the county council adopts an ordinance under subsection (b), the county council may impose the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) on adjusted gross income. However, a county may impose the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) for only eight (8) years. After the county has imposed the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) for eight (8) years, the rate is reduced to one percent (1%). If the county council imposes the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%), the county council may decrease the rate or rescind the tax in the manner provided under this chapter.

(d) If a county imposes the county adjusted gross income tax at a rate of one and three-tenths percent (1.3%) under this section, the revenue derived from a tax rate of three-tenths percent (0.3%) on adjusted gross income:

- (1) shall be paid to the county treasurer;
- (2) may be used only to pay the costs of operating and maintaining a jail and justice center; and
- (3) may not be considered by the department of local government finance under any provision of IC 6-1.1-18.5, including the determination of the county's maximum permissible property tax levy.

~~(e) Notwithstanding section 3 of this chapter, the county fiscal body may adopt an ordinance under this section before June 1.~~

SECTION 63. IC 6-3.5-1.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The county

1 adjusted gross income tax imposed by a county council under this  
2 chapter remains in effect until rescinded.

3 (b) Except as provided in subsection (e), the county council may  
4 rescind the county adjusted gross income tax by adopting an ordinance  
5 to rescind the tax after ~~January 1~~ **March 31** but before ~~June 1~~ **August 1**  
6 of a year.

7 (c) Any ordinance adopted under this section takes effect ~~July~~  
8 **October 1** of the year the ordinance is adopted.

9 (d) The auditor of a county shall record all votes taken on  
10 ordinances presented for a vote under the authority of this section and  
11 immediately send a certified copy of the results to the department by  
12 certified mail.

13 (e) A county council may not rescind the county adjusted gross  
14 income tax or take any action that would result in a civil taxing unit in  
15 the county having a smaller certified share than the certified share to  
16 which the civil taxing unit was entitled when the civil taxing unit  
17 pledged county adjusted gross income tax if the civil taxing unit or any  
18 commission, board, department, or authority that is authorized by  
19 statute to pledge county adjusted gross income tax has pledged county  
20 adjusted gross income tax for any purpose permitted by IC 5-1-14 or  
21 any other statute. The prohibition in this section does not apply if the  
22 civil taxing unit pledges legally available revenues to fully replace the  
23 civil taxing unit's certified share that has been pledged.

24 SECTION 64. IC 6-3.5-1.1-9, AS AMENDED BY P.L.207-2005,  
25 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
26 UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of  
27 the county adjusted gross income tax shall, in the manner prescribed by  
28 this section, be distributed to the county that imposed it. The amount  
29 to be distributed to a county during an ensuing calendar year equals the  
30 amount of county adjusted gross income tax revenue that the  
31 department, after reviewing the recommendation of the budget agency,  
32 determines has been:

- 33 (1) received from that county for a taxable year ending before the
- 34 calendar year in which the determination is made; and
- 35 (2) reported on an annual return or amended return processed by
- 36 the department in the state fiscal year ending before July 1 of the
- 37 calendar year in which the determination is made;
- 38 as adjusted (as determined after review of the recommendation of the

1 budget agency) for refunds of county adjusted gross income tax made  
2 in the state fiscal year.

3 (b) Before August 2 of each calendar year, the department, after  
4 reviewing the recommendation of the budget agency, shall certify to the  
5 county auditor of each adopting county the amount determined under  
6 subsection (a) plus the amount of interest in the county's account that  
7 has accrued and has not been included in a certification made in a  
8 preceding year. The amount certified is the county's "certified  
9 distribution" for the immediately succeeding calendar year. The amount  
10 certified shall be adjusted under subsections (c), (d), (e), (f), ~~and~~ (g),  
11 **and (h).** The department shall provide with the certification an  
12 informative summary of the calculations used to determine the certified  
13 distribution. **The department shall also certify information**  
14 **concerning the part of the certified distribution that is attributable**  
15 **to a tax rate under section 24, 25, or 26 of this chapter. This**  
16 **information must be certified to the county auditor and to the**  
17 **department of local government finance not later than September**  
18 **1 of each calendar year. The part of the certified distribution that**  
19 **is attributable to a tax rate under section 24, 25, or 26 of this**  
20 **chapter may be used only as specified in those provisions.**

21 (c) The department shall certify an amount less than the amount  
22 determined under subsection (b) if the department, after reviewing the  
23 recommendation of the budget agency, determines that the reduced  
24 distribution is necessary to offset overpayments made in a calendar  
25 year before the calendar year of the distribution. The department, after  
26 reviewing the recommendation of the budget agency, may reduce the  
27 amount of the certified distribution over several calendar years so that  
28 any overpayments are offset over several years rather than in one (1)  
29 lump sum.

30 (d) The department, after reviewing the recommendation of the  
31 budget agency, shall adjust the certified distribution of a county to  
32 correct for any clerical or mathematical errors made in any previous  
33 certification under this section. The department, after reviewing the  
34 recommendation of the budget agency, may reduce the amount of the  
35 certified distribution over several calendar years so that any adjustment  
36 under this subsection is offset over several years rather than in one (1)  
37 lump sum.

38 (e) The department, after reviewing the recommendation of the

1 budget agency, shall adjust the certified distribution of a county to  
 2 provide the county with the distribution required under section 10(b)  
 3 of this chapter.

4 (f) This subsection applies to a county that:

5 (1) initially imposes the county adjusted gross income tax; or

6 (2) increases the county adjusted income tax rate;

7 under this chapter in the same calendar year in which the department  
 8 makes a certification under this section. The department, after  
 9 reviewing the recommendation of the budget agency, shall adjust the  
 10 certified distribution of a county to provide for a distribution in the  
 11 immediately following calendar year and in each calendar year  
 12 thereafter. The department shall provide for a full transition to  
 13 certification of distributions as provided in subsection (a)(1) through  
 14 (a)(2) in the manner provided in subsection (c).

15 (g) The department, after reviewing the recommendation of the  
 16 budget agency, shall adjust the certified distribution of a county to  
 17 provide the county with the distribution required under section 3.3 of  
 18 this chapter beginning not later than the tenth month after the month in  
 19 which additional revenue from the tax authorized under section 3.3 of  
 20 this chapter is initially collected.

21 **(h) This subsection applies in the year in which a county initially**  
 22 **imposes a tax rate under section 24 of this chapter.**  
 23 **Notwithstanding any other provision, the department shall adjust**  
 24 **the part of the county's certified distribution that is attributable to**  
 25 **the tax rate under section 24 of this chapter to provide for a**  
 26 **distribution in the immediately following calendar year equal to**  
 27 **the result of:**

28 **(1) the sum of the amounts determined under STEP ONE**  
 29 **through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which**  
 30 **the county initially imposes a tax rate under section 24 of this**  
 31 **chapter; multiplied by**

32 **(2) two (2).**

33 SECTION 65. IC 6-3.5-1.1-10, AS AMENDED BY P.L.147-2006,  
 34 SECTION 2, AS AMENDED BY P.L.162-2006, SECTION 29, AND  
 35 AS AMENDED BY P.L.2-2006, SECTION 68, IS CORRECTED AND  
 36 AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON  
 37 PASSAGE]: Sec. 10. (a) Except as provided in subsection (b), one-half  
 38 (1/2) of each adopting county's certified distribution for a calendar year

1 shall be distributed from its account established under section 8 of this  
 2 chapter to the appropriate county treasurer on May 1 and the other  
 3 one-half (1/2) on November 1 of that calendar year.

4 (b) This subsection applies to a county having a population of more  
 5 than one hundred forty-five thousand (145,000) but less than one  
 6 hundred forty-eight thousand (148,000). Notwithstanding section 9 of  
 7 this chapter, the initial certified distribution certified for a county under  
 8 section 9 of this chapter shall be distributed to the county treasurer  
 9 from the account established for the county under section 8 of this  
 10 chapter according to the following schedule during the eighteen (18)  
 11 month period beginning on July 1 of the year in which the county  
 12 initially adopts an ordinance under section 2 of this chapter:

13 (1) One-fourth (1/4) on October 1 of the *calendar* year in which  
 14 the ordinance was adopted.

15 (2) One-fourth (1/4) on January 1 of the calendar year following  
 16 the year in which the ordinance was adopted.

17 (3) One-fourth (1/4) on May 1 of the calendar year following the  
 18 year in which the ordinance was adopted.

19 (4) One-fourth (1/4) on November 1 of the calendar year  
 20 following the year in which the ordinance was adopted.

21 Notwithstanding section 11 of this chapter, the part of the certified  
 22 distribution received under subdivision (1) that would otherwise be  
 23 allocated to a civil taxing unit or school corporation as property tax  
 24 replacement credits under section 11 of this chapter shall be set aside  
 25 and treated for the calendar year when received by the civil taxing unit  
 26 or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or  
 27 ~~IC 6-1.1-19-1.7~~ IC 20-44-3. Certified distributions made to the county  
 28 treasurer for calendar years following the eighteen (18) month period  
 29 described in this subsection shall be made as provided in subsection  
 30 (a).

31 (c) Except for:

32 (1) *revenue that must be used to pay the costs of:*

33 (A) *financing, constructing, acquiring, improving, renovating,*  
 34 *equipping, operating, or maintaining facilities and buildings;*

35 (B) *debt service on bonds; or*

36 (C) *lease rentals;*

37 *under section 2.3 of this chapter;*

38 ~~(2)~~ (2) *revenue that must be used to pay the costs of operating a*

jail and juvenile detention center under section 2.5(d) of this chapter;

~~(2)~~ (3) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, ~~or~~ equipping, *operating, or maintaining* facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

~~(3)~~ (4) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

~~(4)~~ (5) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

~~(5)~~ (6) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

**(7) revenue attributable to a tax rate under section 24, 25, or 26 of this chapter;**

distributions made to a county treasurer under subsections (a) and (b) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by subsection (b) **and sections 24, 25, and 26 of this chapter**, the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(d) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 66. IC 6-3.5-1.1-11, AS AMENDED BY P.L.147-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 30, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

(1) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, equipping, *operating, or maintaining facilities and buildings*;



1           (B) debt service on bonds; or  
 2           (C) lease rentals;  
 3           under section 2.3 of this chapter;  
 4           ~~(1)~~ (2) revenue that must be used to pay the costs of operating a  
 5           jail and juvenile detention center under section 2.5(d) of this  
 6           chapter;  
 7           ~~(2)~~ (3) revenue that must be used to pay the costs of:  
 8               (A) financing, constructing, acquiring, improving, renovating,  
 9               or equipping, *operating, or maintaining* facilities and  
 10              buildings;  
 11              (B) debt service on bonds; or  
 12              (C) lease rentals;  
 13           under section 2.8 of this chapter;  
 14           ~~(3)~~ (4) revenue that must be used to pay the costs of construction,  
 15           improvement, renovation, or remodeling of a jail and related  
 16           buildings and parking structures under section 2.7, 2.9, or 3.3 of  
 17           this chapter;  
 18           ~~(4)~~ (5) revenue that must be used to pay the costs of operating and  
 19           maintaining a jail and justice center under section 3.5(d) of this  
 20           chapter; or  
 21           ~~(5)~~ (6) revenue that must be used to pay the costs of constructing,  
 22           acquiring, improving, renovating, or equipping a county  
 23           courthouse under section 3.6 of this chapter; or  
 24           **(7) revenue attributable to a tax rate under section 24, 25, or**  
 25           **26 of this chapter;**  
 26           the certified distribution received by a county treasurer shall, in the  
 27           manner prescribed in this section, be allocated, distributed, and used  
 28           by the civil taxing units and school corporations of the county as  
 29           certified shares and property tax replacement credits.  
 30           (b) Before August 10 of each calendar year, each county auditor  
 31           shall determine the part of the certified distribution for the next  
 32           succeeding calendar year that will be allocated as property tax  
 33           replacement credits and the part that will be allocated as certified  
 34           shares. The percentage of a certified distribution that will be allocated  
 35           as property tax replacement credits or as certified shares depends upon  
 36           the county adjusted gross income tax rate for resident county taxpayers  
 37           in effect on August 1 of the calendar year that precedes the year in  
 38           which the certified distribution will be received by two (2) years. The

percentages are set forth in the following table:

PROPERTY			
COUNTY	TAX		
ADJUSTED GROSS	REPLACEMENT	CERTIFIED	
INCOME TAX RATE	CREDITS	SHARES	
0.5%	50%	50%	
0.75%	33 1/3%	66 2/3%	
1%	25%	75%	

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 67. IC 6-3.5-1.1-15, AS AMENDED BY P.L.207-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) As used in this section, "attributed allocation amount" of a civil taxing unit for a calendar year means the sum of:

(1) the allocation amount of the civil taxing unit for that calendar year; plus

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) in the case of a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a certified share during a calendar year in an amount determined in STEP TWO of the following formula:

STEP ONE: Divide:

(A) the attributed allocation amount of the civil taxing unit during that calendar year; by

(B) the sum of the attributed allocation amounts of all the civil taxing units of the county during that calendar year.

STEP TWO: Multiply the part of the county's certified

1 distribution that is to be used as certified shares by the STEP  
2 ONE amount.

3 (c) The local government tax control board established by  
4 IC 6-1.1-18.5-11 **(before January 1, 2009) or the county board of**  
5 **tax and capital projects review (after December 31, 2008)** shall  
6 determine the attributed levies of civil taxing units that are entitled to  
7 receive certified shares during a calendar year. If the ad valorem  
8 property tax levy of any special taxing district, authority, board, or  
9 other entity is attributed to another civil taxing unit under subsection  
10 (a)(2), then the special taxing district, authority, board, or other entity  
11 shall not be treated as having an attributed allocation amount of its  
12 own. The local government tax control board **(before January 1, 2009)**  
13 **or the county board of tax and capital projects review (after**  
14 **December 31, 2008)** shall certify the attributed allocation amounts to  
15 the appropriate county auditor. The county auditor shall then allocate  
16 the certified shares among the civil taxing units of the auditor's county.

17 (d) Certified shares received by a civil taxing unit shall be treated  
18 as additional revenue for the purpose of fixing its budget for the  
19 calendar year during which the certified shares will be received. The  
20 certified shares may be allocated to or appropriated for any purpose,  
21 including property tax relief or a transfer of funds to another civil  
22 taxing unit whose levy was attributed to the civil taxing unit in the  
23 determination of its attributed allocation amount.

24 SECTION 68. IC 6-3.5-1.1-23 IS AMENDED TO READ AS  
25 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) A pledge of  
26 county adjusted gross income tax revenues under this chapter **(other**  
27 **than tax revenue attributable to a tax rate under section 24, 25, or**  
28 **26 of this chapter)** is enforceable in accordance with IC 5-1-14.

29 (b) With respect to obligations for which a pledge has been made  
30 under this chapter, the general assembly covenants with the county and  
31 the purchasers or owners of those obligations that this chapter will not  
32 be repealed or amended in any manner that will adversely affect the  
33 collection of the tax imposed under this chapter as long as the principal  
34 of or interest on those obligations is unpaid.

35 SECTION 69. IC 6-3.5-1.1-24 IS ADDED TO THE INDIANA  
36 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
37 [EFFECTIVE UPON PASSAGE]: **Sec. 24. (a) In a county in which**  
38 **the county adjusted gross income tax is in effect, the county council**

1 may, before August 1 of a year, adopt an ordinance to impose or  
2 increase (as applicable) a tax rate under this section.

3 (b) In a county in which neither the county adjusted gross  
4 income tax nor the county option income tax is in effect, the county  
5 council may, before August 1 of a year, adopt an ordinance to  
6 impose a tax rate under this section.

7 (c) An ordinance adopted under this section takes effect October  
8 1 of the year in which the ordinance is adopted. If a county council  
9 adopts an ordinance to impose or increase a tax rate under this  
10 section, the county auditor shall send a certified copy of the  
11 ordinance to the department and the department of local  
12 government finance by certified mail.

13 (d) A tax rate under this section is in addition to any other tax  
14 rates imposed under this chapter and does not affect the purposes  
15 for which other tax revenue under this chapter may be used.

16 (e) The following apply only in the year in which a county  
17 council first imposes a tax rate under this section.

18 (1) The county council shall, in the ordinance imposing the tax  
19 rate, specify the tax rate for each of the following two (2)  
20 years.

21 (2) The tax rate that must be imposed in the county from  
22 October 1 of the year in which the tax rate is imposed through  
23 September 30 of the following year is equal to the result of:

24 (A) the tax rate determined for the county under  
25 IC 6-3.5-1.5-1(a) in the year in which the tax rate is  
26 increased; multiplied by

27 (B) two (2).

28 (3) The tax rate that must be imposed in the county from  
29 October 1 of the following year through September 30 of the  
30 year after the following year is the tax rate determined for the  
31 county under IC 6-3.5-1.5-1(b). The tax rate under this  
32 subdivision continues in effect in later years unless the tax  
33 rate is increased under this section.

34 (4) The levy limitations in IC 6-1.1-18.5-3(g),  
35 IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and  
36 IC 12-29-2-2(c) apply to property taxes first due and payable  
37 in the ensuing calendar year.

38 (f) The following apply only in a year in which a county council

1 increases a tax rate under this section.

2 (1) The county council shall, in the ordinance increasing the  
3 tax rate, specify the tax rate for the following year.

4 (2) The tax rate that must be imposed in the county from  
5 October 1 of the year in which the tax rate is increased  
6 through September 30 of the following year is equal to the  
7 result of:

8 (A) the tax rate determined for the county under  
9 IC 6-3.5-1.5-1(a) in that year; plus

10 (B) the tax rate currently in effect in the county under this  
11 section.

12 The tax rate under this subdivision continues in effect in later  
13 years unless the tax rate is increased under this section.

14 (3) The levy limitations in IC 6-1.1-18.5-3(g),  
15 IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and  
16 IC 12-29-2-2(c) apply to property taxes first due and payable  
17 in the ensuing calendar year.

18 (g) The department of local government finance shall determine  
19 the following property tax replacement distribution amounts:

20 STEP ONE: Determine the sum of the amounts determined  
21 under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a)  
22 for the county in the preceding year.

23 STEP TWO: For distribution to each civil taxing unit that in  
24 the year had a maximum permissible property tax levy  
25 limited under IC 6-1.1-18.5-3(g), determine the result of:

26 (1) the quotient of:

27 (A) the part of the amount determined under STEP ONE  
28 of IC 6-3.5-1.5-1(a) in the preceding year that was  
29 attributable to the civil taxing unit; divided by

30 (B) the STEP ONE amount; multiplied by

31 (2) the tax revenue received by the county treasurer under  
32 this subsection.

33 STEP THREE: For distribution to the county for deposit in  
34 the county family and children's fund, determine the result of:

35 (1) the quotient of:

36 (A) the amount determined under STEP TWO of  
37 IC 6-3.5-1.5-1(a) in the preceding year; divided by

38 (B) the STEP ONE amount; multiplied by

1           (2) the tax revenue received by the county treasurer under  
2           this subsection.

3           **STEP FOUR: For distribution to the county for deposit in the**  
4           **county children's psychiatric residential treatment services**  
5           **fund, determine the result of:**

6           (1) the quotient of:

7           (A) the amount determined under STEP THREE of  
8           IC 6-3.5-1.5-1(a) in the preceding year; divided by

9           (B) the STEP ONE amount; multiplied by

10          (2) the tax revenue received by the county treasurer under  
11          this subsection.

12          **STEP FIVE: For distribution to the county for community**  
13          **mental health center purposes, determine the result of:**

14          (1) the quotient of:

15          (A) the amount determined under STEP FOUR of  
16          IC 6-3.5-1.5-1(a) in the preceding year; divided by

17          (B) the STEP ONE amount; multiplied by

18          (2) the tax revenue received by the county treasurer under  
19          this subsection.

20          Except as provided in subsection (m), the county treasurer shall  
21          distribute the portion of the certified distribution that is  
22          attributable to a tax rate under this section as specified in this  
23          section. The county treasurer shall make the distributions under  
24          this subsection at the same time that distributions are made to civil  
25          taxing units under section 15 of this chapter.

26          (h) Notwithstanding sections 3.1 and 4 of this chapter, a county  
27          council may not decrease or rescind a tax rate imposed under this  
28          chapter.

29          (i) The tax rate under this section shall not be considered for  
30          purposes of computing:

31          (1) the maximum income tax rate that may be imposed in a  
32          county under section 2 of this chapter; or

33          (2) the maximum permissible property tax levy under STEP  
34          EIGHT of IC 6-1.1-18.5-3(b).

35          (j) The tax levy under this section shall not be considered for  
36          purposes of computing the total county tax levy under  
37          IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

38          (k) A distribution under this section shall be treated as a part of

1 the receiving civil taxing unit's or school corporation's property  
2 tax levy for that year for purposes of fixing the budget of the civil  
3 taxing unit or school corporation and for determining the  
4 distribution of excise taxes that are distributed on the basis of  
5 property tax levies.

6 (l) If a county council imposes a tax rate under this section, the  
7 portion of county adjusted gross income tax revenue dedicated to  
8 property tax replacement credits under section 11 of this chapter  
9 may not be decreased.

10 (m) In the year following the year in a which a county first  
11 imposes a tax rate under this section, one-half (1/2) of the tax  
12 revenue that is attributable to the tax rate under this section must  
13 be deposited in the county stabilization fund established under  
14 subsection (o).

15 (n) A pledge of county adjusted gross income taxes does not  
16 apply to revenue attributable to a tax rate under this section.

17 (o) A county stabilization fund is established in each county that  
18 imposes a tax rate under this section. The county stabilization fund  
19 shall be administered by the county auditor. If for a year the  
20 certified distributions attributable to a tax rate under this section  
21 exceed the amount calculated under STEP ONE through STEP  
22 FOUR of IC 6-3.5-1.5-1 that is used by the department of local  
23 government finance and the department of state revenue to  
24 determine the tax rate under this section, the excess shall be  
25 deposited in the county stabilization fund. Money shall be  
26 distributed from the county stabilization fund in a year by the  
27 county auditor to political subdivisions entitled to a distribution of  
28 tax revenue attributable to the tax rate under this section if:

29 (1) the certified distributions attributable to a tax rate under  
30 this section are less than the amount calculated under STEP  
31 ONE through STEP FOUR of IC 6-3.5-1.5-1 that is used by  
32 the department of local government finance and the  
33 department of state revenue to determine the tax rate under  
34 this section for a year; or

35 (2) the certified distributions attributable to a tax rate under  
36 this section in a year are less than the certified distributions  
37 attributable to a tax rate under this section in the preceding  
38 year.

1        (p) The department of local government finance and the  
 2        department of state revenue may take any actions necessary to  
 3        carry out the purposes of this section.

4        SECTION 70. IC 6-3.5-1.1-25 IS ADDED TO THE INDIANA  
 5        CODE AS A NEW SECTION TO READ AS FOLLOWS  
 6        [EFFECTIVE UPON PASSAGE]: **Sec. 25. (a) As used in this section,**  
 7        **"public safety" refers to the following:**

8            (1) A police and law enforcement system to preserve public  
 9            peace and order.

10          (2) A firefighting and fire prevention system.

11          (3) Emergency ambulance services (as defined in  
 12          IC 16-18-2-107).

13          (4) Emergency medical services (as defined in  
 14          IC 16-18-2-110).

15          (5) Emergency action (as defined in IC 13-11-2-65).

16          (6) A probation department of a court.

17          (7) Confinement, supervision, services under a community  
 18          corrections program (as defined in IC 35-38-2.6-2), or other  
 19          correctional services for a person who has been:

20            (A) diverted before a final hearing or trial under an  
 21            agreement that is between the county prosecuting attorney  
 22            and the person or the person's custodian, guardian, or  
 23            parent and that provides for confinement, supervision,  
 24            community corrections services, or other correctional  
 25            services instead of a final action described in clause (B) or  
 26            (C);

27            (B) convicted of a crime; or

28            (C) adjudicated as a delinquent child or a child in need of  
 29            services.

30          (8) A juvenile detention facility under IC 31-31-8.

31          (9) A juvenile detention center under IC 31-31-9.

32          (10) A county jail.

33          (11) A communications system (as defined in IC 36-8-15-3) or  
 34          an enhanced emergency telephone system (as defined in  
 35          IC 36-8-16-2).

36          (12) Pension payments for any of the following:

37            (A) A member of the fire department (as defined in  
 38            IC 36-8-1-8) or any other employee of a fire department.



1 (B) A member of the police department (as defined in  
2 IC 36-8-1-9), a police chief hired under a waiver under  
3 IC 36-8-4-6.5, or any other employee hired by a police  
4 department.

5 (C) A county sheriff or any other member of the office of  
6 the county sheriff.

7 (D) Other personnel employed to provide a service  
8 described in this section.

9 (b) If a county council has imposed a tax rate under section 24  
10 of this chapter, the county council may also adopt an ordinance to  
11 impose an additional tax rate under this section to provide funding  
12 for public safety.

13 (c) A tax rate under this section may be imposed only at a rate  
14 of five-hundredths of one percent (0.05%).

15 (d) If a county council adopts an ordinance to impose a tax rate  
16 under this section, the county auditor shall send a certified copy of  
17 the ordinance to the department and the department of local  
18 government finance by certified mail.

19 (e) A tax rate under this section is in addition to any other tax  
20 rates imposed under this chapter and does not affect the purposes  
21 for which other tax revenue under this chapter may be used.

22 (f) The county treasurer shall deposit the portion of the certified  
23 distribution that is attributable to a tax rate under this section into  
24 a separate account or fund. The county council may enter into an  
25 agreement to share tax revenue attributable to a tax rate under this  
26 section with any municipality, township, or other entity that  
27 provides public safety services in the county. Tax revenue received  
28 by a county under this section or shared with a municipality,  
29 township, or other entity under this section may be appropriated  
30 by the county, municipality, township, or other entity only for  
31 public safety purposes.

32 (g) The department of local government finance may not  
33 require a county receiving tax revenue under this section to reduce  
34 the county's property tax levy for a particular year on account of  
35 the county's receipt of the tax revenue.

36 (h) The tax rate under this section and the tax revenue  
37 attributable to the tax rate under this section shall not be  
38 considered for purposes of computing:

1           (1) the maximum income tax rate that may be imposed in a  
2           county under section 2 of this chapter;

3           (2) the maximum permissible property tax levy under STEP  
4           EIGHT of IC 6-1.1-18.5-3(b); or

5           (3) the total county tax levy under IC 6-1.1-21-2(g)(3),  
6           IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

7           (i) The tax rate under this section may be imposed or rescinded  
8           at the same time and in the same manner that the county may  
9           impose or increase a tax rate under section 24 of this chapter.

10          (j) The department of local government finance and the  
11          department of state revenue may take any actions necessary to  
12          carry out the purposes of this section.

13          SECTION 71. IC 6-3.5-1.1-26 IS ADDED TO THE INDIANA  
14          CODE AS A NEW SECTION TO READ AS FOLLOWS  
15          [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A county council that  
16          has adopted the county adjusted gross income tax under this  
17          chapter may impose an additional tax rate under this section to  
18          provide property tax relief to political subdivisions in the county.

19          (b) A tax rate under this section may be imposed at any rate (in  
20          increments of one-tenth of one percent (0.1%)) determined by the  
21          county council.

22          (c) A tax rate under this section is in addition to any other tax  
23          rates imposed under this chapter and does not affect the purposes  
24          for which other tax revenue under this chapter may be used.

25          (d) If a county council adopts an ordinance to impose or  
26          increase a tax rate under this section, the county auditor shall send  
27          a certified copy of the ordinance to the department and the  
28          department of local government finance by certified mail.

29          (e) A tax rate under this section may be imposed, increased,  
30          decreased, or rescinded by a county council at the same time and  
31          in the same manner that the county council may impose or increase  
32          a tax rate under section 24 of this chapter.

33          (f) Tax revenue attributable to a tax rate under this section may  
34          be used for any combination of the following purposes, as specified  
35          by ordinance of the county council:

36               (1) The tax revenue may be used to provide local property tax  
37               replacement credits at a uniform rate to all taxpayers in the  
38               county. Any tax revenue that is attributable to the tax rate

under this section and that is used to provide local property tax replacement credits shall be distributed to civil taxing units and school corporations in the county in the same manner that certified distributions are allocated as property tax replacement credits under section 12 of this chapter. The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this section. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this section during that calendar year.

(2) The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide additional homestead credits in that year.

(g) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter;

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or

(3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(h) The department of local government finance and the

1     **department of state revenue may take any actions necessary to**  
 2     **carry out the purposes of this section.**

3     SECTION 72. IC 6-3.5-1.5 IS ADDED TO THE INDIANA CODE  
 4     AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 5     UPON PASSAGE]:

6     **Chapter 1.5. Calculation of Levy Freeze Amounts**

7     **Sec. 1. (a) The department of local government finance and the**  
 8     **department of state revenue shall, before July 1 of each year,**  
 9     **jointly calculate the county adjusted income tax rate or county**  
 10    **option income tax rate (as applicable) that must be imposed in a**  
 11    **county to raise income tax revenue in the following year equal to**  
 12    **the sum of the following STEPS:**

13    **STEP ONE: Determine the greater of zero (0) or the result of:**

14    **(1) the department of local government finance's estimate**  
 15    **of the sum of the maximum permissible ad valorem**  
 16    **property tax levies calculated under IC 6-1.1-18.5 for all**  
 17    **political subdivisions in the county for the ensuing**  
 18    **calendar year (before any adjustment under**  
 19    **IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing**  
 20    **calendar year); minus**

21    **(2) the sum of the maximum permissible ad valorem**  
 22    **property tax levies calculated under IC 6-1.1-18.5 for all**  
 23    **political subdivisions in the county for the current calendar**  
 24    **year.**

25    **In the case of a civil taxing unit that is located in more than**  
 26    **one (1) county, the department of local government finance**  
 27    **shall, for purposes of making the determination under this**  
 28    **subdivision, apportion the civil taxing unit's maximum**  
 29    **permissible ad valorem property tax levy among the counties**  
 30    **in which the civil taxing unit is located.**

31    **STEP TWO: Determine the greater of zero (0) or one-half**  
 32    **(1/2) of the result of:**

33    **(1) the department of local government finance's estimate**  
 34    **of the family and children property tax levy that will be**  
 35    **imposed by the county under IC 12-19-7-4 for the ensuing**  
 36    **calendar year (before any adjustment under**  
 37    **IC 12-19-7-4(b) for the ensuing calendar year); minus**

38    **(2) the county's family and children property tax levy**

1           imposed by the county under IC 12-19-7-4 for the current  
2           calendar year.

3           **STEP THREE: Determine the greater of zero (0) or the result**  
4           **of:**

5           (1) the department of local government finance's estimate  
6           of the children's psychiatric residential treatment services  
7           property tax levy that will be imposed by the county under  
8           IC 12-19-7.5-6 for the ensuing calendar year (before any  
9           adjustment under IC 12-19-7.5-6(b) for the ensuing  
10          calendar year); minus

11          (2) the children's psychiatric residential treatment services  
12          property tax imposed by the county under IC 12-19-7.5-6  
13          for the current calendar year.

14          **STEP FOUR: Determine the greater of zero (0) or the result**  
15          **of:**

16          (1) the department of local government finance's estimate  
17          of the county's maximum community mental health centers  
18          property tax levy under IC 12-29-2-2 for the ensuing  
19          calendar year (before any adjustment under  
20          IC 12-29-2-2(c) for the ensuing calendar year); minus

21          (2) the county's maximum community mental health  
22          centers property tax levy under IC 12-29-2-2 for the  
23          current calendar year.

24          (b) In the case of a county that wishes to impose a tax rate under  
25          IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time,  
26          the department of local government finance and the department of  
27          state revenue shall jointly estimate the amount that will be  
28          calculated under subsection (a) in the second year after the tax rate  
29          is first imposed. The department of local government finance and  
30          the department of state revenue shall calculate the tax rate under  
31          IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be  
32          imposed in the county in the second year after the tax rate is first  
33          imposed to raise income tax revenue equal to the estimate under  
34          this subsection.

35          (c) The department and the department of local government  
36          finance shall make the calculations under subsections (a) and (b)  
37          based on the best information available at the time the calculation  
38          is made.

1        **(d) For purposes of calculating a tax rate under this section, the**  
 2        **department of local government shall round up to the nearest**  
 3        **one-tenth of one percent (0.1%).**

4        **Sec. 2. The department of local government finance shall, before**  
 5        **July 1 of each year, certify the amount calculated for a county**  
 6        **under section 1 of this chapter to the county auditor.**

7        **Sec. 3. The department of local government finance and the**  
 8        **department of state revenue may take any actions necessary to**  
 9        **carry out the purposes of this chapter.**

10        SECTION 73. IC 6-3.5-6-1.1, AS ADDED BY P.L.207-2005,  
 11        SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12        UPON PASSAGE]: Sec. 1.1. (a) For purposes of allocating the  
 13        certified distribution made to a county under this chapter among the  
 14        civil taxing units in the county, the allocation amount for a civil taxing  
 15        unit is the amount determined using the following formula:

16                STEP ONE: Determine the total property taxes that are first due  
 17                and payable to the civil taxing unit during the calendar year of the  
 18                distribution plus, for a county, an amount equal to the property  
 19                taxes imposed by the county in 1999 for the county's welfare fund  
 20                and welfare administration fund.

21                STEP TWO: Determine the sum of the following:

22                    (A) Amounts appropriated from property taxes to pay the  
 23                    principal of or interest on any debenture or other debt  
 24                    obligation issued after June 30, 2005, other than an obligation  
 25                    described in subsection (b).

26                    (B) Amounts appropriated from property taxes to make  
 27                    payments on any lease entered into after June 30, 2005, other  
 28                    than a lease described in subsection (c).

29                    (C) The proceeds of any property that are:

30                        (i) received as the result of the issuance of a debt obligation  
 31                        described in clause (A) or a lease described in clause (B);  
 32                        and

33                        (ii) appropriated from property taxes for any purpose other  
 34                        than to refund or otherwise refinance a debt obligation or  
 35                        lease described in subsection (b) or (c).

36                STEP THREE: Subtract the STEP TWO amount from the STEP  
 37                ONE amount.

38                STEP FOUR: Determine the sum of:

1 (A) the STEP THREE amount; plus  
2 (B) the civil taxing unit or school corporation's certified  
3 distribution for the previous calendar year.

4 (b) Except as provided in this subsection, an appropriation from  
5 property taxes to repay interest and principal of a debt obligation is not  
6 deducted from the allocation amount for a civil taxing unit if:

7 (1) the debt obligation was issued; and  
8 (2) the proceeds appropriated from property taxes;  
9 to refund or otherwise refinance a debt obligation or a lease issued  
10 before July 1, 2005. However, an appropriation from property taxes  
11 related to a debt obligation issued after June 30, 2005, is deducted if  
12 the debt extends payments on a debt or lease beyond the time in which  
13 the debt or lease would have been payable if the debt or lease had not  
14 been refinanced or increases the total amount that must be paid on a  
15 debt or lease in excess of the amount that would have been paid if the  
16 debt or lease had not been refinanced. The amount of the deduction is  
17 the annual amount for each year of the extension period or the annual  
18 amount of the increase over the amount that would have been paid.

19 (c) Except as provided in this subsection, an appropriation from  
20 property taxes to make payments on a lease is not deducted from the  
21 allocation amount for a civil taxing unit if:

22 (1) the lease was issued; and  
23 (2) the proceeds were appropriated from property taxes;  
24 to refinance a debt obligation or lease issued before July 1, 2005.  
25 However, an appropriation from property taxes related to a lease  
26 entered into after June 30, 2005, is deducted if the lease extends  
27 payments on a debt or lease beyond the time in which the debt or lease  
28 would have been payable if it had not been refinanced or increases the  
29 total amount that must be paid on a debt or lease in excess of the  
30 amount that would have been paid if the debt or lease had not been  
31 refinanced. The amount of the deduction is the annual amount for each  
32 year of the extension period or the annual amount of the increase over  
33 the amount that would have been paid.

34 **(d) Notwithstanding any other provision of this section, the**  
35 **department of local government finance shall for each year after**  
36 **2007 certify to the county auditor an adjustment to the allocation**  
37 **amount of a county to ensure that the county's allocation is not**  
38 **reduced (as a percentage of the total allocation amounts of all civil**

1 **taxing units in the county) because of the reduction or elimination**  
 2 **of the county family and children's fund property tax levy under**  
 3 **IC 12-19-7-4(b) through IC 12-19-7-4(f).**

4 SECTION 74. IC 6-3.5-6-8 IS AMENDED TO READ AS  
 5 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county  
 6 income tax council of any county in which the county adjusted gross  
 7 income tax will not be in effect on ~~July~~ **October** 1 of a year under an  
 8 ordinance adopted during a previous calendar year may impose the  
 9 county option income tax on the adjusted gross income of county  
 10 taxpayers of its county effective ~~July~~ **October** 1 of that same year.

11 (b) **Except as provided in sections 30, 31, and 32 of this chapter,**  
 12 the county option income tax may initially be imposed at a rate of  
 13 two-tenths of one percent (0.2%) on the resident county taxpayers of  
 14 the county and at a rate of five hundredths of one percent (0.05%) for  
 15 all other county taxpayers.

16 (c) To impose the county option income tax, a county income tax  
 17 council must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of  
 18 the year, pass an ordinance. The ordinance must substantially state the  
 19 following:

20 "The \_\_\_\_\_ County Income Tax Council imposes the  
 21 county option income tax on the county taxpayers of  
 22 \_\_\_\_\_ County. The county option income tax is  
 23 imposed at a rate of two-tenths of one percent (0.2%) on the  
 24 resident county taxpayers of the county and at a rate of five  
 25 hundredths of one percent (0.05%) on all other county taxpayers.  
 26 This tax takes effect ~~July~~ **October** 1 of this year."

27 (d) **Except as provided in sections 30, 31, and 32 of this chapter,**  
 28 if the county option income tax is imposed on the county taxpayers of  
 29 a county, then the county option income tax rate that is in effect for  
 30 resident county taxpayers of that county increases by one-tenth of one  
 31 percent (0.1%) on each succeeding July 1 until the rate equals  
 32 six-tenths of one percent (0.6%).

33 (e) The county option income tax rate in effect for the county  
 34 taxpayers of a county who are not resident county taxpayers of that  
 35 county is at all times one-fourth (1/4) of the tax rate imposed upon  
 36 resident county taxpayers.

37 (f) The auditor of a county shall record all votes taken on ordinances  
 38 presented for a vote under this section and immediately send a certified



1 copy of the results to the department by certified mail.

2 SECTION 75. IC 6-3.5-6-9 IS AMENDED TO READ AS  
 3 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) If on ~~January~~  
 4 **† March 31** of a calendar year the county option income tax rate in  
 5 effect for resident county taxpayers equals six tenths of one percent  
 6 (0.6%), ~~then excluding a tax rate imposed under section 30, 31, or~~  
 7 **32 of this chapter**, the county income tax council of that county may  
 8 after ~~January~~ **† March 31** and before ~~April~~ **August 1** of that year pass  
 9 an ordinance to increase its tax rate for resident county taxpayers. If a  
 10 county income tax council passes an ordinance under this section, its  
 11 county option income tax rate for resident county taxpayers increases  
 12 by one tenth of one percent (0.1%) each succeeding ~~July~~ **October 1**  
 13 until its rate reaches a maximum of one percent (1%), **excluding a tax**  
 14 **rate imposed under section 30, 31, or 32 of this chapter.**

15 (b) The auditor of the county shall record any vote taken on an  
 16 ordinance proposed under the authority of this section and immediately  
 17 send a certified copy of the results to the department by certified mail.

18 SECTION 76. IC 6-3.5-6-10 IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. If during a  
 20 particular calendar year the county council of a county adopts an  
 21 ordinance to impose the county adjusted gross income tax in its county  
 22 on ~~July~~ **October 1** of that year and the county option income tax  
 23 council of the county adopts an ordinance to impose the county option  
 24 income tax in the county on ~~July~~ **October 1** of that year, the county  
 25 option income tax takes effect in that county and the county adjusted  
 26 gross income tax shall not take effect in that county.

27 SECTION 77. IC 6-3.5-6-11 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. **(a) This**  
 29 **section does not apply to a tax rate imposed under section 30 of this**  
 30 **chapter.**

31 ~~(a)~~ **(b)** The county income tax council of any county may adopt an  
 32 ordinance to permanently freeze the county option income tax rates at  
 33 the rate in effect for its county on ~~January~~ **† March 31** of a year.

34 ~~(b)~~ **(c)** To freeze the county option income tax rates, a county  
 35 income tax council must, after ~~January~~ **† March 31** but before ~~April~~  
 36 **August 1** of a year, adopt an ordinance. The ordinance must  
 37 substantially state the following:

38 "The \_\_\_\_\_ County Income Tax Council permanently

freezes the county option income tax rates at the rate in effect on  
~~January 1~~ **March 31** of the current year.".

~~(c)~~ **(d)** An ordinance adopted under the authority of this section remains in effect until rescinded. The county income tax council may rescind such an ordinance after ~~January 1~~ **March 31** but before ~~April 1~~ **August 1** of any calendar year. Such an ordinance shall take effect ~~July 1~~ **October 1** of that same calendar year.

~~(d)~~ **(e)** If a county income tax council rescinds an ordinance as adopted under this section, the county option income tax rate shall automatically increase by one-tenth of one percent (0.01%) until:

(1) the tax rate is again frozen under another ordinance adopted under this section; or

(2) the tax rate equals six tenths of one percent (0.6%) (if the frozen tax rate equaled an amount less than six tenths of one percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled an amount in excess of six tenths of one percent (0.6%)).

~~(e)~~ **(f)** The county auditor shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 78. IC 6-3.5-6-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The county option income tax imposed by a county income tax council under this chapter remains in effect until rescinded.

(b) Subject to subsection (c), the county income tax council of a county may rescind the county option income tax by passing an ordinance to rescind the tax after ~~January 1~~ **March 31** but before ~~April 1~~ **August 1** of a year.

(c) A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and immediately send a certified copy of the results to the

1 department by certified mail.

2 SECTION 79. IC 6-3.5-6-12.5 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) The  
4 county income tax council may adopt an ordinance to decrease the  
5 county option income tax rate in effect.

6 (b) To decrease the county option income tax rate, the county  
7 income tax council must adopt an ordinance after ~~January 1~~ **March 31**  
8 but before ~~April~~ **August** 1 of a year. The ordinance must substantially  
9 state the following:

10 "The \_\_\_\_\_ County Income Tax Council decreases the  
11 county option income tax rate from \_\_\_\_\_ percent (\_\_\_\_ %)   
12 to \_\_\_\_\_ percent (\_\_\_\_ %). This ordinance takes effect ~~July~~  
13 **October** 1 of this year."

14 (c) A county income tax council may not decrease the county option  
15 income tax if the county or any commission, board, department, or  
16 authority that is authorized by statute to pledge the county option  
17 income tax has pledged the county option income tax for any purpose  
18 permitted by IC 5-1-14 or any other statute.

19 (d) An ordinance adopted under this subsection takes effect ~~July~~  
20 **October** 1 of the year in which the ordinance is adopted.

21 (e) The county auditor shall record the votes taken on an ordinance  
22 under this subsection and shall send a certified copy of the ordinance  
23 to the department by certified mail not more than thirty (30) days after  
24 the ordinance is adopted.

25 (f) Notwithstanding IC 6-3.5-7, a county income tax council that  
26 decreases the county option income tax in a year may not in the same  
27 year adopt or increase the county economic development income tax  
28 under IC 6-3.5-7.

29 SECTION 80. IC 6-3.5-6-13 IS AMENDED TO READ AS  
30 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) A county  
31 income tax council of a county in which the county option income tax  
32 is in effect may adopt an ordinance to increase the percentage credit  
33 allowed for homesteads in its county under IC 6-1.1-20.9-2.

34 (b) A county income tax council may not increase the percentage  
35 credit allowed for homesteads by an amount that exceeds the amount  
36 determined in the last STEP of the following formula:

37 STEP ONE: Determine the amount of the sum of all property tax  
38 levies for all taxing units in a county which are to be paid in the

county in 2003 as reflected by the auditor's abstract for the 2002 assessment year, adjusted, however, for any postabstract adjustments which change the amount of the levies.

STEP TWO: Determine the amount of the county's estimated property tax replacement under IC 6-1.1-21-3(a) for property taxes first due and payable in 2003.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the amount of the county's total county levy (as defined in IC 6-1.1-21-2(g)) for property taxes first due and payable in 2003.

STEP FIVE: Subtract the STEP FOUR amount from the STEP ONE amount.

STEP SIX: Subtract the STEP FIVE result from the STEP THREE result.

STEP SEVEN: Divide the STEP THREE result by the STEP SIX result.

STEP EIGHT: Multiply the STEP SEVEN result by eight-hundredths (0.08).

STEP NINE: Round the STEP EIGHT product to the nearest one-thousandth (0.001) and express the result as a percentage.

(c) The increase of the homestead credit percentage must be uniform for all homesteads in a county.

(d) In the ordinance that increases the homestead credit percentage, a county income tax council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) An ordinance may be adopted under this section after ~~January 1~~ **March 31** but before ~~June~~ **August 1** of a calendar year.

(f) An ordinance adopted under this section takes effect on January 1 of the next succeeding calendar year.

(g) Any ordinance adopted under this section for a county is repealed for a year if on January 1 of that year the county option income tax is not in effect.

SECTION 81. IC 6-3.5-6-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. If for any taxable year a county taxpayer is subject to different tax rates for the county option income tax imposed by a particular county, the taxpayer's

1 county option income tax rate for that county and that taxable year is  
2 the rate determined in the last STEP of the following STEPS:

3 STEP ONE: Multiply the number of months in the taxpayer's  
4 taxable year that precede ~~July~~ **October** 1 by the rate in effect  
5 before the rate change.

6 STEP TWO: Multiply the number of months in the taxpayer's  
7 taxable year that follow ~~June~~ **September** 30 by the rate in effect  
8 after the rate change.

9 STEP THREE: Divide the sum of the amounts determined under  
10 STEPS ONE and TWO by twelve (12).

11 SECTION 82. IC 6-3.5-6-17, AS AMENDED BY P.L.207-2005,  
12 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
13 UPON PASSAGE]: Sec. 17. (a) Revenue derived from the imposition  
14 of the county option income tax shall, in the manner prescribed by this  
15 section, be distributed to the county that imposed it. The amount that  
16 is to be distributed to a county during an ensuing calendar year equals  
17 the amount of county option income tax revenue that the department,  
18 after reviewing the recommendation of the budget agency, determines  
19 has been:

20 (1) received from that county for a taxable year ending in a  
21 calendar year preceding the calendar year in which the  
22 determination is made; and

23 (2) reported on an annual return or amended return processed by  
24 the department in the state fiscal year ending before July 1 of the  
25 calendar year in which the determination is made;

26 as adjusted (as determined after review of the recommendation of the  
27 budget agency) for refunds of county option income tax made in the  
28 state fiscal year.

29 (b) Before August 2 of each calendar year, the department, after  
30 reviewing the recommendation of the budget agency, shall certify to the  
31 county auditor of each adopting county the amount determined under  
32 subsection (a) plus the amount of interest in the county's account that  
33 has accrued and has not been included in a certification made in a  
34 preceding year. The amount certified is the county's "certified  
35 distribution" for the immediately succeeding calendar year. The amount  
36 certified shall be adjusted, as necessary, under subsections (c), (d), ~~and~~  
37 (e), **and (f)**. The department shall provide with the certification an  
38 informative summary of the calculations used to determine the certified

1 distribution. **The department shall also certify information**  
 2 **concerning the part of the certified distribution that is attributable**  
 3 **to a tax rate under section 30, 31, or 32 of this chapter. This**  
 4 **information must be certified to the county auditor and to the**  
 5 **department of local government finance not later than September**  
 6 **1 of each calendar year. The part of the certified distribution that**  
 7 **is attributable to a tax rate under section 30, 31, or 32 of this**  
 8 **chapter may be used only as specified in those provisions.**

9 (c) The department shall certify an amount less than the amount  
 10 determined under subsection (b) if the department, after reviewing the  
 11 recommendation of the budget agency, determines that the reduced  
 12 distribution is necessary to offset overpayments made in a calendar  
 13 year before the calendar year of the distribution. The department, after  
 14 reviewing the recommendation of the budget agency, may reduce the  
 15 amount of the certified distribution over several calendar years so that  
 16 any overpayments are offset over several years rather than in one (1)  
 17 lump sum.

18 (d) The department, after reviewing the recommendation of the  
 19 budget agency, shall adjust the certified distribution of a county to  
 20 correct for any clerical or mathematical errors made in any previous  
 21 certification under this section. The department, after reviewing the  
 22 recommendation of the budget agency, may reduce the amount of the  
 23 certified distribution over several calendar years so that any adjustment  
 24 under this subsection is offset over several years rather than in one (1)  
 25 lump sum.

26 (e) This subsection applies to a county that:

- 27 (1) initially imposed the county option income tax; or
- 28 (2) increases the county option income tax rate;

29 under this chapter in the same calendar year in which the department  
 30 makes a certification under this section. The department, after  
 31 reviewing the recommendation of the budget agency, shall adjust the  
 32 certified distribution of a county to provide for a distribution in the  
 33 immediately following calendar year and in each calendar year  
 34 thereafter. The department shall provide for a full transition to  
 35 certification of distributions as provided in subsection (a)(1) through  
 36 (a)(2) in the manner provided in subsection (c).

37 **(f) This subsection applies in the year a county initially imposes**  
 38 **a tax rate under section 30 of this chapter. Notwithstanding any**

1 other provision, the department shall adjust the part of the  
 2 county's certified distribution that is attributable to the tax rate  
 3 under section 30 of this chapter to provide for a distribution in the  
 4 immediately following calendar year equal to the result of:

5 (1) the sum of the amounts determined under STEP ONE  
 6 through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which  
 7 the county initially imposes a tax rate under section 30 of this  
 8 chapter; multiplied by

9 (2) two (2).

10 ~~(f)~~ (g) One-twelfth (1/12) of each adopting county's certified  
 11 distribution for a calendar year shall be distributed from its account  
 12 established under section 16 of this chapter to the appropriate county  
 13 treasurer on the first day of each month of that calendar year.

14 ~~(g)~~ (h) Upon receipt, each monthly payment of a county's certified  
 15 distribution shall be allocated among, distributed to, and used by the  
 16 civil taxing units of the county as provided in sections 18 and 19 of this  
 17 chapter.

18 ~~(h)~~ (i) All distributions from an account established under section  
 19 16 of this chapter shall be made by warrants issued by the auditor of  
 20 state to the treasurer of state ordering the appropriate payments.

21 SECTION 83. IC 6-3.5-6-18, AS AMENDED BY P.L.162-2006,  
 22 SECTION 31, AND AS AMENDED BY P.L.184-2006, SECTION 6,  
 23 IS CORRECTED AND AMENDED TO READ AS FOLLOWS  
 24 [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county  
 25 auditor receives under this chapter shall be used to:

26 (1) replace the amount, if any, of property tax revenue lost due to  
 27 the allowance of an increased homestead credit within the county;

28 (2) fund the operation of a public communications system and  
 29 computer facilities district as provided in an election, if any, made  
 30 by the county fiscal body under IC 36-8-15-19(b);

31 (3) fund the operation of a public transportation corporation as  
 32 provided in an election, if any, made by the county fiscal body  
 33 under IC 36-9-4-42;

34 (4) make payments permitted under IC 36-7-15.1-17.5;

35 (5) make payments permitted under subsection (i);

36 (6) make distributions of distributive shares to the civil taxing  
 37 units of a county; and

38 (7) make the distributions permitted under ~~section~~ sections 27, 28,

1 ~~and~~ 29, **30, 31, 32, and 33** of this chapter.

2 (b) The county auditor shall retain from the payments of the county's  
3 certified distribution, an amount equal to the revenue lost, if any, due  
4 to the increase of the homestead credit within the county. This money  
5 shall be distributed to the civil taxing units and school corporations of  
6 the county as though they were property tax collections and in such a  
7 manner that no civil taxing unit or school corporation shall suffer a net  
8 revenue loss due to the allowance of an increased homestead credit.

9 (c) The county auditor shall retain:

10 (1) the amount, if any, specified by the county fiscal body for a  
11 particular calendar year under subsection (i), IC 36-7-15.1-17.5,  
12 IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified  
13 distribution for that same calendar year; and

14 (2) the amount of an additional tax rate imposed under section 27,  
15 28, ~~or~~ 29, **30, 31, 32, or 33** of this chapter.

16 The county auditor shall distribute amounts retained under this  
17 subsection to the county.

18 (d) All certified distribution revenues that are not retained and  
19 distributed under subsections (b) and (c) shall be distributed to the civil  
20 taxing units of the county as distributive shares.

21 (e) The amount of distributive shares that each civil taxing unit in  
22 a county is entitled to receive during a month equals the product of the  
23 following:

24 (1) The amount of revenue that is to be distributed as distributive  
25 shares during that month; multiplied by

26 (2) A fraction. The numerator of the fraction equals the allocation  
27 amount for the civil taxing unit for the calendar year in which the  
28 month falls. The denominator of the fraction equals the sum of the  
29 allocation amounts of all the civil taxing units of the county for  
30 the calendar year in which the month falls.

31 (f) The department of local government finance shall provide each  
32 county auditor with the fractional amount of distributive shares that  
33 each civil taxing unit in the auditor's county is entitled to receive  
34 monthly under this section.

35 (g) Notwithstanding subsection (e), if a civil taxing unit of an  
36 adopting county does not impose a property tax levy that is first due  
37 and payable in a calendar year in which distributive shares are being  
38 distributed under this section, that civil taxing unit is entitled to receive



a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter **(other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter)** to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 84. IC 6-3.5-6-28, AS ADDED BY P.L.214-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 28. (a) This section applies only to Howard County.

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this chapter and as needed in the county to fund the operation and maintenance of a jail and juvenile detention center, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose the county option income

1 tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted  
 2 gross income of resident county taxpayers if the county fiscal body  
 3 makes the finding and determination set forth in subsection (d). Section  
 4 8(e) of this chapter applies to the application of the additional rate to  
 5 nonresident taxpayers.

6 (d) In order to impose the county option income tax as provided in  
 7 this section, the county fiscal body must adopt an ordinance:

8 (1) finding and determining that revenues from the county option  
 9 income tax are needed in the county to fund the operation and  
 10 maintenance of a jail, a juvenile detention center, or both; and

11 (2) agreeing to freeze the part of any property tax levy imposed in  
 12 the county for the operation of the jail or juvenile detention  
 13 center, or both, covered by the ordinance at the rate imposed in  
 14 the year preceding the year in which a full year of additional  
 15 county option income tax is certified for distribution to the county  
 16 under this section for the term in which an ordinance is in effect  
 17 under this section.

18 (e) If the county fiscal body makes a determination under subsection  
 19 (d), the county fiscal body may adopt a tax rate under subsection (c).  
 20 Subject to the limitations in subsection (c), the county fiscal body may  
 21 amend an ordinance adopted under this section to increase, decrease,  
 22 or rescind the additional tax rate imposed under this section. As soon  
 23 as practicable after the adoption of an ordinance under this section, the  
 24 county fiscal body shall send a certified copy of the ordinance to the  
 25 county auditor, the department of local government finance, and the  
 26 department of state revenue. An ordinance adopted under this section  
 27 before ~~April~~ **August** 1 in a year applies to the imposition of county  
 28 income taxes after ~~June~~ **September** 30 in that year. An ordinance  
 29 adopted under this section after ~~March~~ **July** 31 of a year initially  
 30 applies to the imposition of county option income taxes after ~~June~~  
 31 **September** 30 of the immediately following year.

32 (f) The county treasurer shall establish a county jail revenue fund to  
 33 be used only for the purposes described in this section. County option  
 34 income tax revenues derived from the tax rate imposed under this  
 35 section shall be deposited in the county jail revenue fund before  
 36 making a certified distribution under section 18 of this chapter.

37 (g) County option income tax revenues derived from the tax rate  
 38 imposed under this section:

(1) may only be used for the purposes described in this section;  
and

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

(h) The department of local government finance shall enforce an agreement under subsection (d)(2).

(i) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

SECTION 85. IC 6-3.5-6-29, AS ADDED BY P.L.162-2006, SECTION 32, AND AS ADDED BY P.L.184-2006, SECTION 7, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 29. (a) This section applies only to Scott County. Scott County is a county in which:

(1) maintaining low property tax rates is essential to economic development; and

(2) the use of additional county option income tax revenues as provided in this section, rather than the use of property taxes, to fund:

(A) the financing, construction, acquisition, improvement, renovation, equipping, operation, or maintenance of jail facilities; and

(B) the repayment of bonds issued or leases entered into for the purposes described in clause (A), except operation or maintenance;

promotes the purpose of maintaining low property tax rates.

(b) The county fiscal body may impose the county option income tax on the adjusted gross income of resident county taxpayers at a rate, in addition to the rates permitted by sections 8 and 9 of this chapter, not to exceed twenty-five hundredths percent (0.25%). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(c) To impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance finding and determining that additional revenues from the county option income tax are needed in the county to fund:

(1) the financing, construction, acquisition, improvement, renovation, equipping, operation, or maintenance of jail facilities; and

(2) the repayment of bonds issued or leases entered into for the purposes described in subdivision (1), except operation or maintenance.

(d) If the county fiscal body makes a determination under subsection (c), the county fiscal body may adopt an additional tax rate under subsection (b). Subject to the limitations in subsection (b), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. As soon as practicable after the adoption of an ordinance under this section, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the department of local government finance, and the department. An ordinance adopted under this section before June 1, 2006, or ~~April~~ **August 1** in a subsequent year applies to the imposition of county income taxes after June 30 **(in the case of an ordinance adopted before June 1, 2006) or September 30 (in the case of an ordinance adopted in 2007 or thereafter)** in that year. An ordinance adopted under this section after May 31, 2006, ~~and or March~~ **July 31** of a subsequent year initially applies to the imposition of county option income taxes after June 30 **(in the case of an ordinance adopted before June 1, 2006) or September 30 (in the case of an ordinance adopted in 2007 or thereafter)** of the immediately following year.

(e) If the county imposes an additional tax rate under this section, the county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 18 of this chapter.

(f) County option income tax revenues derived from an additional tax rate imposed under this section:

(1) may be used only for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged for the repayment of bonds issued or leases entered into to fund the purposes described in subsection (c)(1), except operation or maintenance.

(g) If the county imposes an additional tax rate under this section, the department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of the county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts the increased tax rate and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

SECTION 86. IC 6-3.5-6-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A pledge of county option income tax revenues under this chapter **(other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter)** is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the tax collected under this chapter as long as the principal of or interest on those obligations is unpaid.

SECTION 87. IC 6-3.5-6-30 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 30. (a) **In a county in which the county option income tax is in effect, the county income tax council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.**

(b) **In a county in which neither the county option adjusted gross income tax nor the county option income tax is in effect, the county income tax council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.**

(c) **An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county income**

1 tax council adopts an ordinance to impose or increase a tax rate  
2 under this section, the county auditor shall send a certified copy of  
3 the ordinance to the department and the department of local  
4 government finance by certified mail.

5 (d) A tax rate under this section is in addition to any other tax  
6 rates imposed under this chapter and does not affect the purposes  
7 for which other tax revenue under this chapter may be used.

8 (e) The following apply only in the year in which a county  
9 income tax council first imposes a tax rate under this section.

10 (1) The county income tax council shall, in the ordinance  
11 imposing the tax rate, specify the tax rate for each of the  
12 following two (2) years.

13 (2) The tax rate that must be imposed in the county from  
14 October 1 of the year in which the tax rate is imposed through  
15 September 30 of the following year is equal to the result of:

16 (A) the tax rate determined for the county under  
17 IC 6-3.5-1.5-1(a) in that year; multiplied by

18 (B) two (2).

19 (3) The tax rate that must be imposed in the county from  
20 October 1 of the following year through September 30 of the  
21 year after the following year is the tax rate determined for the  
22 county under IC 6-3.5-1.5-1(b). The tax rate under this  
23 subdivision continues in effect in later years unless the tax  
24 rate is increased under this section.

25 (4) The levy limitations in IC 6-1.1-18.5-3(g),  
26 IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and  
27 IC 12-29-2-2(c) apply to property taxes first due and payable  
28 in the ensuing calendar year.

29 (f) The following apply only in a year in which a county income  
30 tax council increases a tax rate under this section.

31 (1) The county income tax council shall, in the ordinance  
32 increasing the tax rate, specify the tax rate for the following  
33 year.

34 (2) The tax rate that must be imposed in the county from  
35 October 1 of the year in which the tax rate is increased  
36 through September 30 of the following year is equal to the  
37 result of:

38 (A) the tax rate determined for the county under

1           **IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus**  
 2           **(B) the tax rate currently in effect in the county under this**  
 3           **section.**

4           **The tax rate under this subdivision continues in effect in later**  
 5           **years unless the tax rate is increased under this section.**

6           **(3) The levy limitations in IC 6-1.1-18.5-3(g),**  
 7           **IC 6-1.1-18.5-3(h), IC 12-19-7-4(b), IC 12-19-7.5-6(b), and**  
 8           **IC 12-29-2-2(c) apply to property taxes first due and payable**  
 9           **in the ensuing calendar year.**

10          **(g) The department of local government finance shall determine**  
 11          **the following property tax replacement distribution amounts:**

12           **STEP ONE: Determine the sum of the amounts determined**  
 13           **under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a)**  
 14           **for the county in the preceding year.**

15           **STEP TWO: For distribution to each civil taxing unit that in**  
 16           **the year had a maximum permissible property tax levy**  
 17           **limited under IC 6-1.1-18.5-3(g), determine the result of:**

18           **(1) the quotient of:**

19           **(A) the part of the amount determined under STEP ONE**  
 20           **of IC 6-3.5-1.5-1(a) in the preceding year that was**  
 21           **attributable to the civil taxing unit; divided by**

22           **(B) the STEP ONE amount; multiplied by**

23           **(2) the tax revenue received by the county treasurer under**  
 24           **this subsection.**

25           **STEP THREE: For distribution to the county for deposit in**  
 26           **the county family and children's fund, determine the quotient**  
 27           **of:**

28           **(1) the amount determined under STEP TWO of**  
 29           **IC 6-3.5-1.5-1(a) in the preceding year; divided by**

30           **(2) the STEP ONE amount.**

31           **STEP FOUR: For distribution to the county for deposit in the**  
 32           **county children's psychiatric residential treatment services**  
 33           **fund, determine the quotient of:**

34           **(1) the amount determined under STEP THREE of**  
 35           **IC 6-3.5-1.5-1(a) in the preceding year; divided by**

36           **(2) the STEP ONE amount.**

37           **STEP FIVE: For distribution to the county for community**  
 38           **mental health center purposes, determine the quotient of:**

- 1           (1) the amount determined under STEP FOUR of  
 2           IC 6-3.5-1.5-1(a) in the preceding year; divided by  
 3           (2) the STEP ONE amount.

4           Except as provided in subsection (m), the county treasurer shall  
 5           distribute the portion of the certified distribution that is  
 6           attributable to a tax rate under this section as specified in this  
 7           section. The county treasurer shall make the distributions under  
 8           this subsection at the same time that distributions are made to civil  
 9           taxing units under section 18 of this chapter.

10          (h) Notwithstanding sections 12 and 12.5 of this chapter, a  
 11          county income tax council may not decrease or rescind a tax rate  
 12          imposed under this chapter.

13          (i) The tax rate under this section shall not be considered for  
 14          purposes of computing:

- 15               (1) the maximum income tax rate that may be imposed in a  
 16               county under section 8 of this chapter; or  
 17               (2) the maximum permissible property tax levy under STEP  
 18               EIGHT of IC 6-1.1-18.5-3(b).

19          (j) The tax levy under this section shall not be considered for  
 20          purposes of computing the total county tax levy under  
 21          IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

22          (k) A distribution under this section shall be treated as a part of  
 23          the receiving civil taxing unit's or school corporation's property  
 24          tax levy for that year for purposes of fixing its budget and for  
 25          determining the distribution of excise taxes that are distributed on  
 26          the basis of property tax levies.

27          (l) If a county income tax council imposes a tax rate under this  
 28          section, the county option income tax rate dedicated to locally  
 29          funded homestead credits in the county may not be decreased.

30          (m) In the year following the year in which a county first  
 31          imposes a tax rate under this section, one-half (1/2) of the tax  
 32          revenue that is attributable to the tax rate under this section must  
 33          be deposited in the county stabilization fund established under  
 34          subsection (o).

35          (n) A pledge of county option income taxes does not apply to  
 36          revenue attributable to a tax rate under this section.

37          (o) A county stabilization fund is established in each county that  
 38          imposes a tax rate under this section. The county stabilization fund



shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1 that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1 that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

(p) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 88. IC 6-3.5-6-31 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) As used in this section, "public safety" refers to the following:

(1) A police and law enforcement system to preserve public peace and order.

(2) A firefighting and fire prevention system.

(3) Emergency ambulance services (as defined in IC 16-18-2-107).

(4) Emergency medical services (as defined in IC 16-18-2-110).

(5) Emergency action (as defined in IC 13-11-2-65).

(6) A probation department of a court.

(7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other

1           correctional services for a person who has been:

2           (A) diverted before a final hearing or trial under an  
3           agreement that is between the county prosecuting attorney  
4           and the person or the person's custodian, guardian, or  
5           parent and that provides for confinement, supervision,  
6           community corrections services, or other correctional  
7           services instead of a final action described in clause (B) or  
8           (C);

9           (B) convicted of a crime; or

10          (C) adjudicated as a delinquent child or a child in need of  
11          services.

12          (8) A juvenile detention facility under IC 31-31-8.

13          (9) A juvenile detention center under IC 31-31-9.

14          (10) A county jail.

15          (11) A communications system (as defined in IC 36-8-15-3) or  
16          an enhanced emergency telephone system (as defined in  
17          IC 36-8-16-2).

18          (12) Pension payments for any of the following:

19           (A) A member of the fire department (as defined in  
20           IC 36-8-1-8) or any other employee of a fire department.

21           (B) A member of the police department (as defined in  
22           IC 36-8-1-9), a police chief hired under a waiver under  
23           IC 36-8-4-6.5, or any other employee hired by a police  
24           department.

25           (C) A county sheriff or any other member of the office of  
26           the county sheriff.

27           (D) Other personnel employed to provide a service  
28           described in this section.

29          (b) If a county income tax council has imposed a tax rate under  
30          section 30 of this chapter, the county income tax council may also  
31          adopt an ordinance to impose an additional tax rate under this  
32          section to provide funding for public safety.

33          (c) A tax rate under this section may be imposed only at a rate  
34          of five-hundredths of one percent (0.05%).

35          (d) If a county income tax council adopts an ordinance to impose  
36          a tax rate under this section, the county auditor shall send a  
37          certified copy of the ordinance to the department and the  
38          department of local government finance by certified mail.

(e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) The county treasurer shall deposit the portion of the certified distribution that is attributable to a tax rate under this section into a separate account or fund. The county income tax council may enter into an agreement to share tax revenue attributable to a tax rate under this section with any municipality, township, or other entity that provides public safety services in the county. Tax revenue received by a county under this section or shared with a municipality, township, or other entity under this section may be appropriated by the county, municipality, township, or other entity only for public safety purposes.

(g) The department of local government finance may not require a county receiving tax revenue under this section to reduce the county's property tax levy for a particular year on account of the county's receipt of the tax revenue.

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 of this chapter;

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or

(3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

(j) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 89. IC 6-3.5-6-32 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 32. (a)** A county income tax council that has adopted the county option income tax under this chapter may impose an additional tax rate under this section to provide property tax relief to political subdivisions in the county.

1       **(b) A tax rate under this section may be imposed at any rate (in**  
 2       **increments of one-tenth of one percent (0.1%)) determined by the**  
 3       **county income tax council.**

4       **(c) A tax rate under this section is in addition to any other tax**  
 5       **rates imposed under this chapter and does not affect the purposes**  
 6       **for which other tax revenue under this chapter may be used.**

7       **(d) If a county income tax council adopts an ordinance to impose**  
 8       **or increase a tax rate under this section, the county auditor shall**  
 9       **send a certified copy of the ordinance to the department and the**  
 10       **department of local government finance by certified mail.**

11       **(e) A tax rate under this section may be imposed, increased,**  
 12       **decreased, or rescinded at the same time and in the same manner**  
 13       **that the county income tax council may impose or increase a tax**  
 14       **rate under section 30 of this chapter.**

15       **(f) Tax revenue attributable to a tax rate under this section may**  
 16       **be used for any combination of the following purposes, as specified**  
 17       **by ordinance of the county income tax council:**

18               **(1) The tax revenue may be used to provide local property tax**  
 19               **replacement credits at a uniform rate to civil taxing units and**  
 20               **school corporations in the county. The amount of property tax**  
 21               **replacement credits that each civil taxing unit and school**  
 22               **corporation in a county is entitled to receive during a**  
 23               **calendar year equals the product of:**

24                       **(A) the tax revenue attributable to a tax rate under this**  
 25                       **section; multiplied by**

26                       **(B) the following fraction:**

27                               **(i) The numerator of the fraction equals the total**  
 28                               **property taxes being collected in the county by the civil**  
 29                               **taxing unit or school corporation during the calendar**  
 30                               **year of the distribution.**

31                               **(ii) The denominator of the fraction equals the sum of**  
 32                               **the total property taxes being collected in the county by**  
 33                               **all civil taxing units and school corporations of the**  
 34                               **county during the calendar year of the distribution.**

35       **The department of local government finance shall provide**  
 36       **each county auditor with the amount of property tax**  
 37       **replacement credits that each civil taxing unit and school**  
 38       **corporation in the auditor's county is entitled to receive under**

1        **this section. The county auditor shall then certify to each civil**  
 2        **taxing unit and school corporation the amount of property tax**  
 3        **replacement credits the civil taxing unit or school corporation**  
 4        **is entitled to receive under this section during that calendar**  
 5        **year. The county auditor shall also certify these distributions**  
 6        **to the county treasurer. Except as provided in subsection (g),**  
 7        **the local property tax replacement credits shall be treated for**  
 8        **all purposes as property tax levies.**

9        **(2) The tax revenue may be used to uniformly increase the**  
 10       **homestead credit percentage in the county. The additional**  
 11       **homestead credits shall be treated for all purposes as**  
 12       **property tax levies. The additional homestead credits do not**  
 13       **reduce the basis for determining the state homestead credit**  
 14       **under IC 6-1.1-20.9. The additional homestead credits shall be**  
 15       **applied to the net property taxes due on the homestead after**  
 16       **the application of all other assessed value deductions or**  
 17       **property tax deductions and credits that apply to the amount**  
 18       **owed under IC 6-1.1. The department of local government**  
 19       **finance shall determine the additional homestead credit**  
 20       **percentage for a particular year based on the amount of tax**  
 21       **revenue that will be used under this subdivision to provide**  
 22       **additional homestead credits in that year.**

23       **(g) The tax rate under this section shall not be considered for**  
 24       **purposes of computing:**

25       **(1) the maximum income tax rate that may be imposed in a**  
 26       **county under section 8 of this chapter; or**

27       **(2) the maximum permissible property tax levy under STEP**  
 28       **EIGHT of IC 6-1.1-18.5-3(b).**

29       **(h) The tax levy under this section shall not be considered for**  
 30       **purposes of computing the total county tax levy under**  
 31       **IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).**

32       **(i) The department of local government finance and the**  
 33       **department of state revenue may take any actions necessary to**  
 34       **carry out the purposes of this section.**

35       **SECTION 90. IC 6-3.5-6-33 IS ADDED TO THE INDIANA CODE**  
 36       **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**  
 37       **UPON PASSAGE]: Sec. 33. (a) This section applies only to Monroe**  
 38       **County.**

1       **(b) Maintaining low property tax rates is essential to economic**  
2       **development, and the use of county option income tax revenues as**  
3       **provided in this chapter and as needed in the county to fund the**  
4       **operation and maintenance of a juvenile detention center and other**  
5       **facilities to provide juvenile services, rather than the use of**  
6       **property taxes, promotes that purpose.**

7       **(c) In addition to the rates permitted by sections 8 and 9 of this**  
8       **chapter, the county fiscal body may impose an additional county**  
9       **option income tax at a rate of not more than twenty-five**  
10       **hundredths percent (0.25%) on the adjusted gross income of**  
11       **resident county taxpayers if the county fiscal body makes the**  
12       **finding and determination set forth in subsection (d). Section 8(e)**  
13       **of this chapter applies to the application of the additional rate to**  
14       **nonresident taxpayers.**

15       **(d) In order to impose the county option income tax as provided**  
16       **in this section, the county fiscal body must adopt an ordinance:**

17               **(1) finding and determining that revenues from the county**  
18               **option income tax are needed in the county to fund the**  
19               **operation and maintenance of a juvenile detention center and**  
20               **other facilities necessary to provide juvenile services; and**

21               **(2) agreeing to freeze for the term in which an ordinance is in**  
22               **effect under this section the part of any property tax levy**  
23               **imposed in the county for the operation of the juvenile**  
24               **detention center and other facilities covered by the ordinance**  
25               **at the rate imposed in the year preceding the year in which a**  
26               **full year of additional county option income tax is certified for**  
27               **distribution to the county under this section.**

28       **(e) If the county fiscal body makes a determination under**  
29       **subsection (d), the county fiscal body may adopt a tax rate under**  
30       **subsection (c). Subject to the limitations in subsection (c), the**  
31       **county fiscal body may amend an ordinance adopted under this**  
32       **section to increase, decrease, or rescind the additional tax rate**  
33       **imposed under this section. As soon as practicable after the**  
34       **adoption of an ordinance under this section, the county fiscal body**  
35       **shall send a certified copy of the ordinance to the county auditor,**  
36       **the department of local government finance, and the department**  
37       **of state revenue. An ordinance adopted under this section before**  
38       **April 1 in a year applies to the imposition of county income taxes**

1 after June 30 in that year. An ordinance adopted under this section  
 2 after March 31 of a year initially applies to the imposition of  
 3 county option income taxes after June 30 of the immediately  
 4 following year.

5 (f) The county treasurer shall establish a county juvenile  
 6 detention center revenue fund to be used only for the purposes  
 7 described in this section. County option income tax revenues  
 8 derived from the tax rate imposed under this section shall be  
 9 deposited in the county juvenile detention center revenue fund  
 10 before a certified distribution is made under section 18 of this  
 11 chapter.

12 (g) County option income tax revenues derived from the tax rate  
 13 imposed under this section:

14 (1) may be used only for the purposes described in this  
 15 section; and

16 (2) may not be considered by the department of local  
 17 government finance in determining the county's maximum  
 18 permissible property tax levy limit under IC 6-1.1-18.5.

19 (h) The department of local government finance shall enforce an  
 20 agreement made under subsection (d)(2).

21 (i) The department, after reviewing the recommendation of the  
 22 budget agency, shall adjust the certified distribution of a county to  
 23 provide for an increased distribution of taxes in the immediately  
 24 following calendar year after the county adopts an increased tax  
 25 rate under this section and in each calendar year thereafter. The  
 26 department shall provide for a full transition to certification of  
 27 distributions as provided in section 17(a)(1) through 17(a)(2) of this  
 28 chapter in the manner provided in section 17(c) of this chapter.

29 SECTION 91. IC 6-3.5-7-5, AS AMENDED BY P.L.162-2006,  
 30 SECTION 33, AND AS AMENDED BY P.L.184-2006, SECTION 8,  
 31 IS CORRECTED AND AMENDED TO READ AS FOLLOWS  
 32 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in  
 33 subsection (c), the county economic development income tax may be  
 34 imposed on the adjusted gross income of county taxpayers. The entity  
 35 that may impose the tax is:

36 (1) the county income tax council (as defined in IC 6-3.5-6-1) if  
 37 the county option income tax is in effect on ~~January~~ **March 31**  
 38 of the year the county economic development income tax is

1 imposed;

2 (2) the county council if the county adjusted gross income tax is  
3 in effect on ~~January 1~~ **March 31** of the year the county economic  
4 development tax is imposed; or

5 (3) the county income tax council or the county council,  
6 whichever acts first, for a county not covered by subdivision (1)  
7 or (2).

8 To impose the county economic development income tax, a county  
9 income tax council shall use the procedures set forth in IC 6-3.5-6  
10 concerning the imposition of the county option income tax.

11 (b) Except as provided in subsections (c), (g), (k), (p), and (r), the  
12 county economic development income tax may be imposed at a rate of:

- 13 (1) one-tenth percent (0.1%);
- 14 (2) two-tenths percent (0.2%);
- 15 (3) twenty-five hundredths percent (0.25%);
- 16 (4) three-tenths percent (0.3%);
- 17 (5) thirty-five hundredths percent (0.35%);
- 18 (6) four-tenths percent (0.4%);
- 19 (7) forty-five hundredths percent (0.45%); or
- 20 (8) five-tenths percent (0.5%);

21 on the adjusted gross income of county taxpayers.

22 (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o),  
23 (p), ~~or~~ (s), ~~or~~ (v), **(w), or (x)**, the county economic development  
24 income tax rate plus the county adjusted gross income tax rate, if any,  
25 that are in effect on January 1 of a year may not exceed one and  
26 twenty-five hundredths percent (1.25%). Except as provided in  
27 subsection (g), (p), (r), (t), ~~or~~ (u), **(w), or (x)**, the county economic  
28 development tax rate plus the county option income tax rate, if any, that  
29 are in effect on January 1 of a year may not exceed one percent (1%).

30 (d) To impose, increase, decrease, or rescind the county economic  
31 development income tax, the appropriate body must, after ~~January 1~~  
32 **March 31** but before ~~April~~ **August 1** of a year, adopt an ordinance.  
33 The ordinance to impose the tax must substantially state the following:

34 "The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic  
35 development income tax on the county taxpayers of \_\_\_\_\_  
36 County. The county economic development income tax is imposed at  
37 a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the  
38 county. This tax takes effect ~~July~~ **October 1** of this year."



1 (e) Any ordinance adopted under this chapter takes effect July 1 of  
2 the year the ordinance is adopted.

3 (f) The auditor of a county shall record all votes taken on ordinances  
4 presented for a vote under the authority of this chapter and shall, not  
5 more than ten (10) days after the vote, send a certified copy of the  
6 results to the commissioner of the department by certified mail.

7 (g) This subsection applies to a county having a population of more  
8 than one hundred forty-eight thousand (148,000) but less than one  
9 hundred seventy thousand (170,000). Except as provided in subsection  
10 (p), in addition to the rates permitted by subsection (b), the:

11 (1) county economic development income tax may be imposed at  
12 a rate of:

13 (A) fifteen-hundredths percent (0.15%);

14 (B) two-tenths percent (0.2%); or

15 (C) twenty-five hundredths percent (0.25%); and

16 (2) county economic development income tax rate plus the county  
17 option income tax rate that are in effect on January 1 of a year  
18 may equal up to one and twenty-five hundredths percent (1.25%);  
19 if the county income tax council makes a determination to impose rates  
20 under this subsection and section 22 of this chapter.

21 (h) For a county having a population of more than forty-one  
22 thousand (41,000) but less than forty-three thousand (43,000), except  
23 as provided in subsection (p), the county economic development  
24 income tax rate plus the county adjusted gross income tax rate that are  
25 in effect on January 1 of a year may not exceed one and thirty-five  
26 hundredths percent (1.35%) if the county has imposed the county  
27 adjusted gross income tax at a rate of one and one-tenth percent (1.1%)  
28 under IC 6-3.5-1.1-2.5.

29 (i) For a county having a population of more than thirteen thousand  
30 five hundred (13,500) but less than fourteen thousand (14,000), except  
31 as provided in subsection (p), the county economic development  
32 income tax rate plus the county adjusted gross income tax rate that are  
33 in effect on January 1 of a year may not exceed one and fifty-five  
34 hundredths percent (1.55%).

35 (j) For a county having a population of more than seventy-one  
36 thousand (71,000) but less than seventy-one thousand four hundred  
37 (71,400), except as provided in subsection (p), the county economic  
38 development income tax rate plus the county adjusted gross income tax

rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

(1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or

(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900); except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition

1 to the rates permitted under subsection (b):

2 (1) the county economic development income tax may be imposed

3 at a rate of twenty-five hundredths percent (0.25%); and

4 (2) the sum of the county economic development income tax rate

5 and:

6 (A) the county adjusted gross income tax rate that are in effect

7 on January 1 of a year may not exceed one and five-tenths

8 percent (1.5%); or

9 (B) the county option income tax rate that are in effect on

10 January 1 of a year may not exceed one and twenty-five

11 hundredths percent (1.25%);

12 if the county council makes a determination to impose rates under this

13 subsection and section 24 of this chapter.

14 (p) In addition:

15 (1) the county economic development income tax may be imposed

16 at a rate that exceeds by not more than twenty-five hundredths

17 percent (0.25%) the maximum rate that would otherwise apply

18 under this section; and

19 (2) the:

20 (A) county economic development income tax; and

21 (B) county option income tax or county adjusted gross income

22 tax;

23 may be imposed at combined rates that exceed by not more than

24 twenty-five hundredths percent (0.25%) the maximum combined

25 rates that would otherwise apply under this section.

26 However, the additional rate imposed under this subsection may not

27 exceed the amount necessary to mitigate the increased ad valorem

28 property taxes on homesteads (as defined in IC 6-1.1-20.9-1) *or*

29 *residential property (as defined in section 26 of this chapter), as*

30 *appropriate under the ordinance adopted by the adopting body in the*

31 *county, resulting from the deduction of the assessed value of inventory*

32 *in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.*

33 (q) If the county economic development income tax is imposed as

34 authorized under subsection (p) at a rate that exceeds the maximum

35 rate that would otherwise apply under this section, the certified

36 distribution must be used for the purpose provided in section 25(e) or

37 26 of this chapter to the extent that the certified distribution results

38 from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.

(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(s) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(t) This subsection applies to Howard County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to Scott County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

*(v) This subsection applies to Jasper County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).*

**(w) The income tax rate limits imposed by subsection (c) do not apply to:**

- (1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or**
- (2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.**

For purposes of computing the maximum combined income tax rate under subsection (c) that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

(x) This subsection applies to Monroe County. Except as provided in subsection (p), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

SECTION 92. IC 6-3.5-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate, the appropriate body must, after ~~January 1~~ **March 31** but before ~~April~~ **August 1** of a year, adopt an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from \_\_\_\_\_ percent (\_\_\_\_%) to \_\_\_\_\_ percent (\_\_\_\_%). This tax rate increase (decrease) takes effect ~~July~~ **October** 1 of this year."

(b) Any ordinance adopted under this section takes effect ~~July~~ **October** 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 93. IC 6-3.5-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The county

1 economic development income tax imposed under this chapter remains  
2 in effect until rescinded.

3 (b) Subject to section 14 of this chapter, the body imposing the  
4 county economic development income tax may rescind the tax by  
5 adopting an ordinance to rescind the tax after ~~January 1~~ **March 31** but  
6 before ~~April~~ **August 1** of a year.

7 (c) Any ordinance adopted under this section takes effect ~~July~~  
8 **October 1** of the year the ordinance is adopted.

9 (d) The auditor of a county shall record all votes taken on  
10 ordinances presented for a vote under the authority of this section and  
11 immediately send a certified copy of the results to the department by  
12 certified mail.

13 SECTION 94. IC 6-3.5-7-12 IS AMENDED TO READ AS  
14 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as  
15 provided in sections 23, 25, 26, and 27 of this chapter, the county  
16 auditor shall distribute in the manner specified in this section the  
17 certified distribution to the county.

18 (b) Except as provided in subsections (c), ~~and~~ (h), **and (i)** and  
19 sections 15 and 25 of this chapter, the amount of the certified  
20 distribution that the county and each city or town in a county is entitled  
21 to receive during May and November of each year equals the product  
22 of the following:

23 (1) The amount of the certified distribution for that month;  
24 multiplied by

25 (2) A fraction. The numerator of the fraction equals the sum of the  
26 following:

27 (A) Total property taxes that are first due and payable to the  
28 county, city, or town during the calendar year in which the  
29 month falls; plus

30 (B) For a county, an amount equal to the property taxes  
31 imposed by the county in 1999 for the county's welfare fund  
32 and welfare administration fund.

33 The denominator of the fraction equals the sum of the total  
34 property taxes that are first due and payable to the county and all  
35 cities and towns of the county during the calendar year in which  
36 the month falls, plus an amount equal to the property taxes  
37 imposed by the county in 1999 for the county's welfare fund and  
38 welfare administration fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the

fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15, 25, and 26 of this chapter.

**(i) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 certify to the county auditor an adjustment to the amount of the certified distribution that the county is entitled to receive during May and November of each year to ensure that the county's amount is not reduced (as a percentage of the total amounts distributed to the county and cities and towns in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).**

SECTION 95. IC 6-5.5-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) On or before February 1, May 1, August 1, and December 1 of each year the auditor of state shall transfer to each county auditor for distribution to the taxing units (as defined in IC 6-1.1-1-21) in the county, an amount equal to one-fourth (1/4) of the sum of the guaranteed amounts for all the taxing units of the county. On or before August 1 of each year the auditor of state shall transfer to each county auditor the supplemental distribution for the county for the year.

(b) For purposes of determining distributions under subsection (c), the department of local government finance shall determine a state welfare allocation for each county calculated as follows:

(1) For 2000 and each year thereafter, the state welfare allocation for each county equals the greater of zero (0) or the amount determined under the following formula:

STEP ONE: For 1997, 1998, and 1999, determine the result of:

(A) the amounts appropriated by the county in the year for the county's county welfare fund and county welfare administration fund; divided by



- 1 (B) the amounts appropriated by all the taxing units in the
- 2 county in the year.
- 3 STEP TWO: Determine the sum of the results determined in
- 4 STEP ONE.
- 5 STEP THREE: Divide the STEP TWO result by three (3).
- 6 STEP FOUR: Determine the amount that would otherwise be
- 7 distributed to all the taxing units in the county under
- 8 subsection (b) without regard to this subdivision.
- 9 STEP FIVE: Determine the result of:
- 10 (A) the STEP FOUR amount; multiplied by
- 11 (B) the STEP THREE result.
- 12 (2) The state welfare allocation shall be deducted from the
- 13 distributions otherwise payable under subsection (c) to the taxing
- 14 unit that is a county and shall be deposited in a special account
- 15 within the state general fund.
- 16 (c) A taxing unit's guaranteed distribution for a year is the greater
- 17 of zero (0) or an amount equal to:
- 18 (1) the amount received by the taxing unit under IC 6-5-10
- 19 (repealed) and IC 6-5-11 (repealed) in 1989; minus
- 20 (2) the amount to be received by the taxing unit in the year of the
- 21 distribution, as determined by the department of local government
- 22 finance, from property taxes attributable to the personal property
- 23 of banks, exclusive of the property taxes attributable to personal
- 24 property leased by banks as the lessor where the possession of the
- 25 personal property is transferred to the lessee; minus
- 26 (3) in the case of a taxing unit that is a county, the amount that
- 27 would have been received by the taxing unit in the year of the
- 28 distribution, as determined by the department of local government
- 29 finance from property taxes that:
- 30 (A) were calculated for the county's county welfare fund and
- 31 county welfare administration fund for 2000 but were not
- 32 imposed because of the repeal of IC 12-19-3 and IC 12-19-4;
- 33 and
- 34 (B) would have been attributable to the personal property of
- 35 banks, exclusive of the property taxes attributable to personal
- 36 property leased by banks as the lessor where the possession of
- 37 the personal property is transferred to the lessee.
- 38 (d) The amount of the supplemental distribution for a county for a

- 1 year shall be determined using the following formula:
- 2 STEP ONE: Determine the greater of zero (0) or the difference
- 3 between:
- 4 (A) one-half (1/2) of the taxes that the department estimates
- 5 will be paid under this article during the year; minus
- 6 (B) the sum of all the guaranteed distributions, before the
- 7 subtraction of all state welfare allocations under subsection
- 8 (a), for all taxing units in all counties plus the bank personal
- 9 property taxes to be received by all taxing units in all counties,
- 10 as determined under subsection (c)(2) for the year.
- 11 STEP TWO: Determine the quotient of:
- 12 (A) the amount received under IC 6-5-10 (repealed) and
- 13 IC 6-5-11 (repealed) in 1989 by all taxing units in the county;
- 14 divided by
- 15 (B) the sum of the amounts received under IC 6-5-10
- 16 (repealed) and IC 6-5-11 (repealed) in 1989 by all taxing units
- 17 in all counties.
- 18 STEP THREE: Determine the product of:
- 19 (A) the amount determined in STEP ONE; multiplied by
- 20 (B) the amount determined in STEP TWO.
- 21 STEP FOUR: Determine the greater of zero (0) or the difference
- 22 between:
- 23 (A) the amount of supplemental distribution determined in
- 24 STEP THREE for the county; minus
- 25 (B) the amount of refunds granted under IC 6-5-10-7
- 26 (repealed) that have yet to be reimbursed to the state by the
- 27 county treasurer under IC 6-5-10-13 (repealed).
- 28 For the supplemental distribution made on or before August 1 of each
- 29 year, the department shall adjust the amount of each county's
- 30 supplemental distribution to reflect the actual taxes paid under this
- 31 article for the preceding year.
- 32 (e) Except as provided in subsection (g), the amount of the
- 33 supplemental distribution for each taxing unit shall be determined
- 34 using the following formula:
- 35 STEP ONE: Determine the quotient of:
- 36 (A) the amount received by the taxing unit under IC 6-5-10
- 37 (repealed) and IC 6-5-11 (repealed) in 1989; divided by
- 38 (B) the sum of the amounts used in STEP ONE (A) for all

1           taxing units located in the county.

2           STEP TWO: Determine the product of:

3           (A) the amount determined in STEP ONE; multiplied by

4           (B) the supplemental distribution for the county, as determined  
5           in subsection (d), STEP FOUR.

6           (f) The county auditor shall distribute the guaranteed and  
7           supplemental distributions received under subsection (a) to the taxing  
8           units in the county at the same time that the county auditor makes the  
9           semiannual distribution of real property taxes to the taxing units.

10          (g) The amount of a supplemental distribution paid to a taxing unit  
11          that is a county shall be reduced by an amount equal to:

12           (1) the amount the county would receive under subsection (e)  
13           without regard to this subsection; minus

14           (2) an amount equal to:

15           (A) the amount under subdivision (1); multiplied by

16           (B) the result of the following:

17           (i) Determine the amounts appropriated by the county in  
18           1997, 1998, and 1999, from the county's county welfare fund  
19           and county welfare administration fund, divided by the total  
20           amounts appropriated by all the taxing units in the county in  
21           the year.

22           (ii) Divide the amount determined in item (i) by three (3).

23          **(h) Notwithstanding any other provision of this section, the**  
24          **department of local government finance shall for each year after**  
25          **2007 do the following:**

26           **(1) Certify to the county auditor an adjustment to the amount**  
27           **of the guaranteed distribution and supplemental distribution**  
28           **that each school corporation in the county is entitled to**  
29           **receive under this section to ensure that the school**  
30           **corporation's guaranteed distribution and supplemental**  
31           **distribution amount is not reduced (as a percentage of the**  
32           **total guaranteed distributions and supplemental distributions**  
33           **in the county) because of the reduction or elimination of the**  
34           **school corporation's tuition support levy under**  
35           **IC 20-45-3-11(b) through IC 20-45-3-11(c).**

36           **(2) Certify to the county auditor an adjustment to the amount**  
37           **of the guaranteed distribution and supplemental distribution**  
38           **that the county is entitled to receive under this section to**

1       ensure that the county's guaranteed distribution and  
 2       supplemental distribution amount is not reduced (as a  
 3       percentage of the total guaranteed distributions and  
 4       supplemental distributions in the county) because of the  
 5       reduction or elimination of the county family and children's  
 6       fund property tax levy under IC 12-19-7-4(b) through  
 7       IC 12-19-7-4(f).

8       SECTION 96. IC 6-3.5-7-25, AS AMENDED BY P.L.199-2005,  
 9       SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 10       UPON PASSAGE]: Sec. 25. (a) This section applies only to a county  
 11       that has adopted an ordinance under IC 6-1.1-12-41(f).

12       (b) For purposes of this section, "imposing entity" means the entity  
 13       that adopted the ordinance under IC 6-1.1-12-41(f).

14       (c) The imposing entity may adopt an ordinance to provide for the  
 15       use of the certified distribution described in section 16(c) of this  
 16       chapter for the purpose provided in subsection (e). A county income  
 17       tax council that adopts an ordinance under this subsection shall use the  
 18       procedures set forth in IC 6-3.5-6 concerning the adoption of an  
 19       ordinance for the imposition of the county option income tax. Except  
 20       as provided in subsection (j), an ordinance must be adopted under this  
 21       subsection after ~~January 1~~ **March 31** but before ~~June~~ **August 1** of a  
 22       calendar year. The ordinance may provide for an additional rate under  
 23       section 5(p) of this chapter. An ordinance adopted under this  
 24       subsection:

25               (1) first applies to the certified distribution described in section  
 26               16(c) of this chapter made in the calendar year that immediately  
 27               succeeds the calendar year in which the ordinance is adopted;

28               (2) must specify the calendar years to which the ordinance  
 29               applies; and

30               (3) must specify that the certified distribution must be used to  
 31               provide for:

32                       (A) uniformly applied increased homestead credits as provided  
 33                       in subsection (f); or

34                       (B) allocated increased homestead credits as provided in  
 35                       subsection (h).

36       An ordinance adopted under this subsection may be combined with an  
 37       ordinance adopted under section 26 of this chapter.

38       (d) If an ordinance is adopted under subsection (c), the percentage

1 of the certified distribution specified in the ordinance for use for the  
2 purpose provided in subsection (e) shall be:

- 3 (1) retained by the county auditor under subsection (i); and
- 4 (2) used for the purpose provided in subsection (e) instead of the
- 5 purposes specified in the capital improvement plans adopted
- 6 under section 15 of this chapter.

7 (e) If an ordinance is adopted under subsection (c), the imposing  
8 entity shall use the certified distribution described in section 16(c) of  
9 this chapter to increase the homestead credit allowed in the county  
10 under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the  
11 county resulting from a county deduction for inventory under  
12 IC 6-1.1-12-41.

13 (f) If the imposing entity specifies the application of uniform  
14 increased homestead credits under subsection (c)(3)(A), the county  
15 auditor shall, for each calendar year in which an increased homestead  
16 credit percentage is authorized under this section, determine:

- 17 (1) the amount of the certified distribution that is available to
- 18 provide an increased homestead credit percentage for the year;
- 19 (2) the amount of uniformly applied homestead credits for the
- 20 year in the county that equals the amount determined under
- 21 subdivision (1); and
- 22 (3) the increased percentage of homestead credit that equates to
- 23 the amount of homestead credits determined under subdivision
- 24 (2).

25 (g) The increased percentage of homestead credit determined by the  
26 county auditor under subsection (f) applies uniformly in the county in  
27 the calendar year for which the increased percentage is determined.

28 (h) If the imposing entity specifies the application of allocated  
29 increased homestead credits under subsection (c)(3)(B), the county  
30 auditor shall, for each calendar year in which an increased homestead  
31 credit is authorized under this section, determine:

- 32 (1) the amount of the certified distribution that is available to
- 33 provide an increased homestead credit for the year; and
- 34 (2) an increased percentage of homestead credit for each taxing
- 35 district in the county that allocates to the taxing district an amount
- 36 of increased homestead credits that bears the same proportion to
- 37 the amount determined under subdivision (1) that the amount of
- 38 inventory assessed value deducted under IC 6-1.1-12-41 in the

1           taxing district for the immediately preceding year's assessment  
 2           date bears to the total inventory assessed value deducted under  
 3           IC 6-1.1-12-41 in the county for the immediately preceding year's  
 4           assessment date.

5           (i) The county auditor shall retain from the payments of the county's  
 6           certified distribution an amount equal to the revenue lost, if any, due to  
 7           the increase of the homestead credit within the county. The money shall  
 8           be distributed to the civil taxing units and school corporations of the  
 9           county:

10           (1) as if the money were from property tax collections; and

11           (2) in such a manner that no civil taxing unit or school  
 12           corporation will suffer a net revenue loss because of the  
 13           allowance of an increased homestead credit.

14           (j) An entity authorized to adopt:

15           (1) an ordinance under subsection (c); and

16           (2) an ordinance under IC 6-1.1-12-41(f);

17           may consolidate the two (2) ordinances. The limitation under  
 18           subsection (c) that an ordinance must be adopted after January 1 of a  
 19           calendar year does not apply if a consolidated ordinance is adopted  
 20           under this subsection. However, notwithstanding subsection (c)(1), the  
 21           ordinance must state that it first applies to certified distributions in the  
 22           calendar year in which property taxes are initially affected by the  
 23           deduction under IC 6-1.1-12-41.

24           SECTION 97. IC 6-3.5-7-26, AS AMENDED BY P.L.162-2006,  
 25           SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 26           UPON PASSAGE]: Sec. 26. (a) This section applies only to homestead  
 27           and property tax replacement credits for property taxes first due and  
 28           payable after calendar year 2006.

29           (b) The following definitions apply throughout this section:

30           (1) "Adopt" includes amend.

31           (2) "Adopting entity" means:

32           (A) the entity that adopts an ordinance under  
 33           IC 6-1.1-12-41(f); or

34           (B) any other entity that may impose a county economic  
 35           development income tax under section 5 of this chapter.

36           (3) "Homestead" refers to tangible property that is eligible for a  
 37           homestead credit under IC 6-1.1-20.9.

38           (4) "Residential" refers to the following:

- 1 (A) Real property, a mobile home, and industrialized housing  
 2 that would qualify as a homestead if the taxpayer had filed for  
 3 a homestead credit under IC 6-1.1-20.9.
- 4 (B) Real property not described in clause (A) designed to  
 5 provide units that are regularly used to rent or otherwise  
 6 furnish residential accommodations for periods of thirty (30)  
 7 days or more, regardless of whether the tangible property is  
 8 subject to assessment under rules of the department of local  
 9 government finance that apply to:
- 10 (i) residential property; or  
 11 (ii) commercial property.
- 12 (c) An adopting entity may adopt an ordinance to provide for the use  
 13 of the certified distribution described in section 16(c) of this chapter for  
 14 the purpose provided in subsection (e). An adopting entity that adopts  
 15 an ordinance under this subsection shall use the procedures set forth in  
 16 IC 6-3.5-6 concerning the adoption of an ordinance for the imposition  
 17 of the county option income tax. An ordinance must be adopted under  
 18 this subsection after January 1, 2006, and before June 1, 2006, or, in a  
 19 year following 2006, after ~~January 1~~ **March 31** but before ~~April~~  
 20 **August** 1 of a calendar year. The ordinance may provide for an  
 21 additional rate under section 5(p) of this chapter. An ordinance adopted  
 22 under this subsection:
- 23 (1) first applies to the certified distribution described in section  
 24 16(c) of this chapter made in the later of the calendar year that  
 25 immediately succeeds the calendar year in which the ordinance is  
 26 adopted or calendar year 2007; and
- 27 (2) must specify that the certified distribution must be used to  
 28 provide for one (1) of the following, as determined by the  
 29 adopting entity:
- 30 (A) Uniformly applied increased homestead credits as  
 31 provided in subsection (f).
- 32 (B) Uniformly applied increased residential credits as  
 33 provided in subsection (g).
- 34 (C) Allocated increased homestead credits as provided in  
 35 subsection (i).
- 36 (D) Allocated increased residential credits as provided in  
 37 subsection (j).
- 38 An ordinance adopted under this subsection may be combined with an

1 ordinance adopted under section 25 of this chapter.

2 (d) If an ordinance is adopted under subsection (c), the percentage  
3 of the certified distribution specified in the ordinance for use for the  
4 purpose provided in subsection (e) shall be:

- 5 (1) retained by the county auditor under subsection (k); and
- 6 (2) used for the purpose provided in subsection (e) instead of the  
7 purposes specified in the capital improvement plans adopted  
8 under section 15 of this chapter.

9 (e) If an ordinance is adopted under subsection (c), the adopting  
10 entity shall use the certified distribution described in section 16(c) of  
11 this chapter to increase:

- 12 (1) if the ordinance grants a credit described in subsection  
13 (c)(2)(A) or (c)(2)(C), the homestead credit allowed in the county  
14 under IC 6-1.1-20.9 for a year; or
- 15 (2) if the ordinance grants a credit described in subsection  
16 (c)(2)(B) or (c)(2)(D), the property tax replacement credit allowed  
17 in the county under IC 6-1.1-21-5 for a year for the residential  
18 property;

19 to offset the effect on homesteads or residential property, as applicable,  
20 in the county resulting from the statewide deduction for inventory  
21 under IC 6-1.1-12-42. The amount of an additional residential property  
22 tax replacement credit granted under this section may not be  
23 considered in computing the amount of any homestead credit to which  
24 the residential property may be entitled under IC 6-1.1-20.9 or another  
25 law other than IC 6-1.1-20.6.

26 (f) If the imposing entity specifies the application of uniform  
27 increased homestead credits under subsection (c)(2)(A), the county  
28 auditor shall, for each calendar year in which an increased homestead  
29 credit percentage is authorized under this section, determine:

- 30 (1) the amount of the certified distribution that is available to  
31 provide an increased homestead credit percentage for the year;
- 32 (2) the amount of uniformly applied homestead credits for the  
33 year in the county that equals the amount determined under  
34 subdivision (1); and
- 35 (3) the increased percentage of homestead credit that equates to  
36 the amount of homestead credits determined under subdivision  
37 (2).

38 (g) If the imposing entity specifies the application of uniform



1 increased residential credits under subsection (c)(2)(B), the county  
2 auditor shall determine for each calendar year in which an increased  
3 homestead credit percentage is authorized under this section:

4 (1) the amount of the certified distribution that is available to  
5 provide an increased residential property tax replacement credit  
6 percentage for the year;

7 (2) the amount of uniformly applied residential property tax  
8 replacement credits for the year in the county that equals the  
9 amount determined under subdivision (1); and

10 (3) the increased percentage of residential property tax  
11 replacement credit that equates to the amount of residential  
12 property tax replacement credits determined under subdivision  
13 (2).

14 (h) The increased percentage of homestead credit determined by the  
15 county auditor under subsection (f) or the increased percentage of  
16 residential property tax replacement credit determined by the county  
17 auditor under subsection (g) applies uniformly in the county in the  
18 calendar year for which the increased percentage is determined.

19 (i) If the imposing entity specifies the application of allocated  
20 increased homestead credits under subsection (c)(2)(C), the county  
21 auditor shall, for each calendar year in which an increased homestead  
22 credit is authorized under this section, determine:

23 (1) the amount of the certified distribution that is available to  
24 provide an increased homestead credit for the year; and

25 (2) except as provided in subsection (1), an increased percentage  
26 of homestead credit for each taxing district in the county that  
27 allocates to the taxing district an amount of increased homestead  
28 credits that bears the same proportion to the amount determined  
29 under subdivision (1) that the amount of inventory assessed value  
30 deducted under IC 6-1.1-12-42 in the taxing district for the  
31 immediately preceding year's assessment date bears to the total  
32 inventory assessed value deducted under IC 6-1.1-12-42 in the  
33 county for the immediately preceding year's assessment date.

34 (j) If the imposing entity specifies the application of allocated  
35 increased residential property tax replacement credits under subsection  
36 (c)(2)(D), the county auditor shall determine for each calendar year in  
37 which an increased residential property tax replacement credit is  
38 authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit for the year; and

(2) except as provided in subsection (l), an increased percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of increased residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(k) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit or residential property tax replacement credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit or residential property tax replacement credit.

(l) Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or

(2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

SECTION 98. IC 6-3.5-7-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27. (a) This section applies to a county that:

(1) operates a courthouse that is subject to an order that:

(A) is issued by a federal district court;

- 1 (B) applies to an action commenced before January 1, 2003;  
2 and  
3 (C) requires the county to comply with the federal Americans  
4 with Disabilities Act; and  
5 (2) has insufficient revenues to finance the construction,  
6 acquisition, improvement, renovation, equipping, and operation  
7 of the courthouse facilities and related facilities.
- 8 (b) A county described in this section possesses unique fiscal  
9 challenges in financing, renovating, equipping, and operating the  
10 county courthouse facilities and related facilities because the county  
11 consistently has one of the highest unemployment rates in Indiana.  
12 Maintaining low property tax rates is essential to economic  
13 development in the county. The use of economic development income  
14 tax revenues under this section for the purposes described in subsection  
15 (c) promotes that purpose.
- 16 (c) In addition to actions authorized by section 5 of this chapter, a  
17 county council may, using the procedures set forth in this chapter,  
18 adopt an ordinance to impose an additional county economic  
19 development income tax on the adjusted gross income of county  
20 taxpayers. The ordinance imposing the additional tax must include a  
21 finding that revenues from additional tax are needed to pay the costs of:
- 22 (1) constructing, acquiring, improving, renovating, equipping, or  
23 operating the county courthouse or related facilities;  
24 (2) repaying any bonds issued, or leases entered into, for  
25 constructing, acquiring, improving, renovating, equipping, or  
26 operating the county courthouse or related facilities; and  
27 (3) economic development projects described in the county's  
28 capital improvement plan.
- 29 (d) The tax rate imposed under this section may not exceed  
30 twenty-five hundredths percent (0.25%).
- 31 (e) If the county council adopts an ordinance to impose an  
32 additional tax under this section, the county auditor shall immediately  
33 send a certified copy of the ordinance to the department by certified  
34 mail. The county treasurer shall establish a county facilities revenue  
35 fund to be used only for the purposes described in subsection (c)(1) and  
36 (c)(2). The amount of county economic development income tax  
37 revenues derived from the tax rate imposed under this section that are  
38 necessary to pay the costs described in subsection (c)(1) and (c)(2)

1 shall be deposited into the county facilities revenue fund before a  
 2 certified distribution is made under section 12 of this chapter. The  
 3 remainder shall be deposited into the economic development income  
 4 tax funds of the county's units.

5 (f) County economic development income tax revenues derived  
 6 from the tax rate imposed under this section may not be used for  
 7 purposes other than those described in this section.

8 (g) County economic development income tax revenues derived  
 9 from the tax rate imposed under this section that are deposited into the  
 10 county facilities revenue fund may not be considered by the department  
 11 of local government finance in determining the county's ad valorem  
 12 property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

13 (h) Notwithstanding section 5 of this chapter, an ordinance may be  
 14 adopted under this section at any time. If the ordinance is adopted  
 15 before ~~June~~ **August** 1 of a year, a tax rate imposed under this section  
 16 takes effect ~~July~~ **October** 1 of that year. If the ordinance is adopted  
 17 after ~~May~~ **July** 31 of a year, a tax rate imposed under this section takes  
 18 effect on the January 1 immediately following adoption of the  
 19 ordinance.

20 (i) For a county adopting an ordinance before June 1 in a year, in  
 21 determining the certified distribution under section 11 of this chapter  
 22 for the calendar year beginning with the immediately following January  
 23 1 and each calendar year thereafter, the department shall take into  
 24 account the certified ordinance mailed to the department under  
 25 subsection (e). For a county adopting an ordinance after May 31, the  
 26 department shall issue an initial or a revised certified distribution for  
 27 the calendar year beginning with the immediately following January 1.  
 28 Except for a county adopting an ordinance after May 31, a county's  
 29 certified distribution shall be distributed on the dates specified under  
 30 section 16 of this chapter. In the case of a county adopting an ordinance  
 31 after May 31, the county, beginning with the calendar year beginning  
 32 on the immediately following January 1, shall receive the entire  
 33 certified distribution for the calendar year on November 1 of the year.

34 (j) Notwithstanding any other law, funds accumulated from the  
 35 county economic development income tax imposed under this section  
 36 and deposited into the county facilities revenue fund or any other  
 37 revenues of the county may be deposited into a nonreverting fund of  
 38 the county to be used for operating costs of the courthouse facilities,

1 juvenile detention facilities, or related facilities. Amounts in the county  
 2 nonreverting fund may not be used by the department of local  
 3 government finance to reduce the county's ad valorem property tax levy  
 4 for an ensuing calendar year under IC 6-1.1-18.5.

5 SECTION 99. IC 6-6-5-10 IS AMENDED TO READ AS  
 6 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) The bureau  
 7 shall establish procedures necessary for the collection of the tax  
 8 imposed by this chapter and for the proper accounting for the same.  
 9 The necessary forms and records shall be subject to approval by the  
 10 state board of accounts.

11 (b) The county treasurer, upon receiving the excise tax collections,  
 12 shall receipt such collections into a separate account for settlement  
 13 thereof at the same time as property taxes are accounted for and settled  
 14 in June and December of each year, with the right and duty of the  
 15 treasurer and auditor to make advances prior to the time of final  
 16 settlement of such property taxes in the same manner as provided in  
 17 IC 5-13-6-3.

18 (c) **Except as provided in subsection (d)**, the county auditor shall  
 19 determine the total amount of excise taxes collected for each taxing  
 20 unit in the county and the amount so collected (and the distributions  
 21 received under section 9.5 of this chapter) shall be apportioned and  
 22 distributed among the respective funds of each taxing unit in the same  
 23 manner and at the same time as property taxes are apportioned and  
 24 distributed. However, for purposes of determining distributions under  
 25 this section for 2000 and each year thereafter, the state welfare  
 26 allocation for each county equals the greater of zero (0) or the amount  
 27 determined under STEP FIVE of the following STEPS:

28 STEP ONE: For 1997, 1998, and 1999, determine the result of:

29 (i) the amounts appropriated by the county in the year from the  
 30 county's county welfare fund and county welfare  
 31 administration fund; divided by

32 (ii) the total amounts appropriated by all the taxing units in the  
 33 county in the year.

34 STEP TWO: Determine the sum of the results determined in  
 35 STEP ONE.

36 STEP THREE: Divide the STEP TWO result by three (3).

37 STEP FOUR: Determine the amount that would otherwise be  
 38 distributed to all the taxing units in the county under this

subsubsection without regard to this subdivision.

STEP FIVE: Determine the result of:

(i) the STEP FOUR amount; multiplied by

(ii) the STEP THREE result.

The state welfare allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the state welfare allocation to the treasurer of state for deposit in a special account within the state general fund.

**(d) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 do the following:**

**(1) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the school corporation's amount of excise tax revenue under this chapter is not reduced (as a percentage of the total excise tax distributions in the county) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).**

**(2) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the county's amount of excise tax revenue under this chapter is not reduced (as a percentage of the total excise tax distributions in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).**

~~(d)~~ (e) Such determination shall be made from copies of vehicle registration forms furnished by the bureau of motor vehicles. Prior to such determination, the county assessor of each county shall, from copies of registration forms, cause information pertaining to legal residence of persons owning taxable vehicles to be verified from the assessor's records, to the extent such verification can be so made. The assessor shall further identify and verify from the assessor's records the several taxing units within which such persons reside.

~~(e)~~ (f) Such verifications shall be done by not later than thirty (30) days after receipt of vehicle registration forms by the county assessor, and the assessor shall certify such information to the county auditor for the auditor's use as soon as it is checked and completed.

1       SECTION 100. IC 6-6-5.5-20 IS AMENDED TO READ AS  
2       FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) On or  
3       before May 1, the auditor of state shall distribute to each county auditor  
4       an amount equal to fifty percent (50%) of the total base revenue to be  
5       distributed to all taxing units in the county for that year.

6       (b) On or before December 1, the auditor of state shall distribute to  
7       each county auditor an amount equal to the greater of the following:

8           (1) Fifty percent (50%) of the total base revenue to be distributed  
9           to all taxing units in the county for that year.

10          (2) The product of the county's distribution percentage multiplied  
11          by the total commercial vehicle excise tax revenue deposited in  
12          the commercial vehicle excise tax fund.

13       (c) Upon receipt, the county auditor shall distribute to the taxing  
14       units an amount equal to the product of the taxing unit's distribution  
15       percentage multiplied by the total distributed to the county under this  
16       section. The amount determined shall be apportioned and distributed  
17       among the respective funds of each taxing unit in the same manner and  
18       at the same time as property taxes are apportioned and distributed.

19       (d) In the event that sufficient funds are not available in the  
20       commercial vehicle excise tax fund for the distributions required by  
21       subsection (a) and subsection (b)(1), the auditor of state shall transfer  
22       funds from the commercial vehicle excise tax reserve fund.

23       (e) The auditor of state shall, not later than July 1 of each year,  
24       furnish to each county auditor an estimate of the amounts to be  
25       distributed to the counties under this section during the next calendar  
26       year. Before August 1, each county auditor shall furnish to the proper  
27       officer of each taxing unit of the county an estimate of the amounts to  
28       be distributed to the taxing units under this section during the next  
29       calendar year and the budget of each taxing unit shall show the  
30       estimated amounts to be received for each fund for which a property  
31       tax is proposed to be levied.

32       **(f) Notwithstanding any other provision of this section, the**  
33       **department of local government finance shall for each year after**  
34       **2007 do the following:**

35           **(1) Certify to the county auditor an adjustment to the**  
36           **distribution of excise taxes to ensure that the school**  
37           **corporation's amount of excise tax revenue under this chapter**  
38           **is not reduced (as a percentage of the total excise tax**

distributions in the county) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).

(2) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the county's amount of excise tax revenue under this chapter is not reduced (as a percentage of the total excise tax distributions in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).

SECTION 101. IC 6-6-6.5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21. (a) The department shall allocate each aircraft excise tax payment collected by it to the county in which the aircraft is usually located when not in operation or to the aircraft owner's county of residence if based out of state. The department shall distribute to each county treasurer on a quarterly basis the aircraft excise taxes which were collected by the department during the preceding three (3) months and which the department has allocated to that county. The distribution shall be made on or before the fifteenth of the month following each quarter and the first distribution each year shall be made in April.

(b) Concurrently with making a distribution of aircraft excise taxes, the department shall send an aircraft excise tax report to the county treasurer and the county auditor. The department shall prepare the report on the form prescribed by the state board of accounts. The aircraft excise tax report must include aircraft identification, owner information, and excise tax payment, and must indicate the county where the aircraft is normally kept when not in operation. The department shall, in the manner prescribed by the state board of accounts, maintain records concerning the aircraft excise taxes received and distributed by it.

(c) Except as provided in section 21.5 of this chapter, each county treasurer shall deposit money received by him under this chapter in a separate fund to be known as the "aircraft excise tax fund". The money in the aircraft excise tax fund shall be distributed to the taxing units of the county in the manner prescribed in subsection (d).

(d) In order to distribute the money in the county aircraft excise tax fund to the taxing units of the county, the county auditor shall first



1 allocate the money in the fund among the taxing districts of the county.  
 2 In making these allocations, the county auditor shall allocate to a taxing  
 3 district the excise taxes collected with respect to aircraft usually  
 4 located in the taxing district when not in operation. The money  
 5 allocated to a taxing district shall be apportioned and distributed among  
 6 the taxing units of that taxing district in the same manner and at the  
 7 same time that the property taxes are apportioned and distributed.

8 **Notwithstanding any other provision of this section, the**  
 9 **department of local government finance shall for each year after**  
 10 **2007 do the following:**

11 (1) **Certify to the county auditor an adjustment to the**  
 12 **distribution of excise taxes to ensure that the school**  
 13 **corporation's amount of excise tax revenue under this chapter**  
 14 **is not reduced (as a percentage of the total excise tax**  
 15 **distributions in the county) because of the reduction or**  
 16 **elimination of the school corporation's tuition support levy**  
 17 **under IC 20-45-3-11(b) through IC 20-45-3-11(c).**

18 (2) **Certify to the county auditor an adjustment to the**  
 19 **distribution of excise taxes to ensure that the county's amount**  
 20 **of excise tax revenue under this chapter is not reduced (as a**  
 21 **percentage of the total excise tax distributions in the county)**  
 22 **because of the reduction or elimination of the county family**  
 23 **and children's fund property tax levy under IC 12-19-7-4(b)**  
 24 **through IC 12-19-7-4(f).**

25 (e) Within thirty (30) days following the receipt of excise taxes from  
 26 the department, the county treasurer shall file a report with the county  
 27 auditor concerning the aircraft excise taxes collected by the county  
 28 treasurer. The county treasurer shall file the report on the form  
 29 prescribed by the state board of accounts. The county treasurer shall,  
 30 in the manner and at the times prescribed in IC 6-1.1-27, make a  
 31 settlement with the county auditor for the aircraft excise taxes collected  
 32 by the county treasurer. The county treasurer shall, in the manner  
 33 prescribed by the state board of accounts, maintain records concerning  
 34 the aircraft excise taxes received and distributed by him.

35 SECTION 102. IC 6-6-11-31 IS AMENDED TO READ AS  
 36 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) A boat  
 37 excise tax fund is established in each county. Each county treasurer  
 38 shall deposit in the fund the taxes received under this chapter.

(b) The excise tax money in the county boat excise tax fund shall be distributed to the taxing units of the county. The county auditor shall allocate the money in the fund among the taxing units of the county based on the tax situs of each boat. **Except as provided in subsection (c),** the money allocated to the taxing units shall be apportioned and distributed among the funds of the taxing units in the same manner and at the same time that property taxes are apportioned and distributed.

**(c) Notwithstanding any other provision of this section, the department of local government finance shall for each year after 2007 do the following:**

**(1) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the school corporation's amount of boat excise tax revenue under this chapter is not reduced (as a percentage of the total boat excise tax distributions in the county) because of the reduction or elimination of the school corporation's tuition support levy under IC 20-45-3-11(b) through IC 20-45-3-11(c).**

**(2) Certify to the county auditor an adjustment to the distribution of excise taxes to ensure that the county's amount of boat excise tax revenue under this chapter is not reduced (as a percentage of the total boat excise tax distributions in the county) because of the reduction or elimination of the county family and children's fund property tax levy under IC 12-19-7-4(b) through IC 12-19-7-4(f).**

SECTION 103. IC 6-9-2.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The county council may levy tax on every person engaged in the business of renting or furnishing, for periods of less than thirty (30) days, any room or rooms, lodgings, or accommodations in any commercial hotel, motel, inn, tourist camp, or tourist cabin located in a county described in section 1 of this chapter. Such tax shall not exceed the rate of ~~six~~ **eight** percent ~~(6%)~~ **(8%)** on the gross income derived from lodging income only and shall be in addition to the state gross retail tax imposed on such persons by IC 6-2.5.

(b) The county fiscal body may adopt an ordinance to require that the tax be reported on forms approved by the county treasurer and that the tax shall be paid monthly to the county treasurer. If such an ordinance is adopted, the tax shall be paid to the county treasurer not

more than twenty (20) days after the end of the month the tax is collected. If such an ordinance is not adopted, the tax shall be imposed, paid, and collected in exactly the same manner as the state gross retail tax is imposed, paid, and collected pursuant to IC 6-2.5.

(c) All of the provisions of IC 6-2.5 relating to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration shall be applicable to the imposition and administration of the tax imposed by this section except to the extent such provisions are in conflict or inconsistent with the specific provisions of this chapter or the requirements of the county treasurer. Specifically and not in limitation of the foregoing sentence, the terms "person" and "gross income" shall have the same meaning in this section as they have in IC 6-2.5. If the tax is paid to the department of state revenue, the returns to be filed for the payment of the tax under this section may be either a separate return or may be combined with the return filed for the payment of the state gross retail tax as the department of state revenue may, by rule or regulation, determine.

(d) If the tax is paid to the department of state revenue, the amounts received from such tax shall be paid quarterly by the treasurer of state to the county treasurer upon warrants issued by the auditor of state.

(e) The tax imposed under subsection (a) does not apply to the renting or furnishing of rooms, lodgings, or accommodations to a person for a period of thirty (30) days or more.

SECTION 104. IC 6-9-2.5-7.5, AS AMENDED BY P.L.168-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7.5. (a) The county treasurer shall establish a tourism capital improvement fund.

(b) The county treasurer shall deposit money in the tourism capital improvement fund as follows:

(1) ~~Before January 1, 2000, if the rate set under section 6 of this chapter is greater than two percent (2%), the county treasurer shall deposit in the tourism capital improvement fund an amount equal to the money received under section 6 of this chapter minus the amount generated by a two percent (2%) rate.~~

(2) ~~After December 31, 1999, and before January 1, 2003, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a one percent (1%) rate.~~

~~(3) After December 31, 2002, and (1) Before January 1, 2010,~~ the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a ~~one~~ **three** and one-half percent ~~(1.5%)~~ **(3.5%)** rate.

~~(4) (2)~~ After December 31, 2009, the county treasurer shall deposit in the tourism capital improvement fund the amount of money received under section 6 of this chapter that is generated by a ~~two~~ **four** and one-half percent ~~(2.5%)~~ **(4.5%)** rate.

(c) The commission may transfer money in the tourism capital improvement fund to:

(1) the county government, a city government, or a separate body corporate and politic in a county described in section 1 of this chapter; or

(2) any Indiana nonprofit corporation;

for the purpose of making capital improvements in the county that promote conventions, tourism, or recreation. The commission may transfer money under this section only after approving the transfer. Transfers shall be made quarterly or less frequently under this section.

SECTION 105. IC 6-9-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) The tax imposed by section 2 of this chapter shall be at the rate of ~~six~~ **seven** percent ~~(6%)~~ **(7%)** on the gross income derived from lodging income only.

(b) At least ~~one-sixth (1/6)~~ **two-sevenths (2/7)** of the tax proceeds paid to the capital improvement board of managers under this chapter must be used to provide grants to the convention and visitor bureau in the county to be used solely for the purpose of the development and promotion of the tourism and convention industry within the county.

(c) The capital improvement board of managers may establish budgetary requirements for the convention and visitors bureau. If the convention and visitors bureau fails to conform, the board may elect to suspend funding until the bureau complies.

SECTION 106. IC 8-18-21-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. The annual operating budget of a toll road authority is subject to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and then by the department of local government finance as

1 in the case of other political subdivisions.

2 SECTION 107. IC 8-22-3.6-3 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) An authority that  
4 is located in a:

5 (1) city having a population of more than ninety thousand  
6 (90,000) but less than one hundred five thousand (105,000);

7 (2) county having a population of more than one hundred five  
8 thousand (105,000) but less than one hundred ten thousand  
9 (110,000); or

10 (3) county having a population of more than three hundred  
11 thousand (300,000) but less than four hundred thousand  
12 (400,000);

13 may enter into a lease of an airport project with a lessor for a term not  
14 to exceed fifty (50) years and the lease may provide for payments to be  
15 made by the airport authority from property taxes levied under  
16 IC 8-22-3-17, taxes allocated under IC 8-22-3.5-9, any other revenues  
17 available to the airport authority, or any combination of these sources.

18 (b) A lease may provide that payments by the authority to the lessor  
19 are required only to the extent and only for the period that the lessor is  
20 able to provide the leased facilities in accordance with the lease. The  
21 terms of each lease must be based upon the value of the facilities leased  
22 and may not create a debt of the authority or the eligible entity for  
23 purposes of the Constitution of the State of Indiana.

24 (c) A lease may be entered into by the authority only after a public  
25 hearing by the board at which all interested parties are provided the  
26 opportunity to be heard. After the public hearing, the board may adopt  
27 an ordinance authorizing the execution of the lease if it finds that the  
28 service to be provided throughout the term of the lease will serve the  
29 public purpose of the authority and is in the best interest of the  
30 residents of the authority district.

31 (d) Upon execution of a lease providing for payments by the  
32 authority in whole or in part from the levy of property taxes under  
33 IC 8-22-3-17, the board shall publish notice of the execution of the  
34 lease and its approval in accordance with IC 5-3-1. Fifty (50) or more  
35 taxpayers residing in the authority district who will be affected by the  
36 lease and who may be of the opinion that no necessity exists for the  
37 execution of the lease or that the payments provided for in the lease are  
38 not fair and reasonable may file a petition in the office of the county

auditor within thirty (30) days after the publication of the notice of execution and approval. The petition must set forth the petitioners' names, addresses, and objections to the lease and the facts showing that the execution of the lease is unnecessary or unwise or that the payments provided for in the lease are not fair and reasonable, as the case may be.

(e) Upon the filing of a petition under subsection (d), the county auditor shall immediately certify a copy of the petition, together with any other data necessary to present the questions involved, to the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**. Upon receipt of the certified petition and information, the department of local government finance **or county board of tax and capital projects review** shall fix a time and place for a hearing in the authority district, which must be not less than five (5) or more than thirty (30) days after the time is fixed. Notice of the hearing shall be given by the department of local government finance to the members of the board, and to the first fifty (50) petitioners on the petition, by a letter signed by one (1) member of the state board of tax commissioners **or the county board of tax and capital projects review** and enclosed with fully prepaid postage sent to those persons at their usual place of residence, at least five (5) days before the date of the hearing. The decision of the department of local government finance **or the county board of tax and capital projects review** on the appeal, upon the necessity for the execution of the lease, and as to whether the payments under it are fair and reasonable, is final.

(f) An authority entering into a lease payable from any sources permitted under this chapter may:

(1) pledge the revenue to make payments under the lease pursuant to IC 5-1-14-4; or

(2) establish a special fund to make the payments.

(g) Lease rentals may be limited to money in the special fund so that the obligations of the airport authority to make the lease rental payments are not considered debt of the unit or the district for purposes of the Constitution of the State of Indiana.

(h) Except as provided in this section, no approvals of any governmental body or agency are required before the authority enters into a lease under this section.

1 (i) An action to contest the validity of the lease or to enjoin the  
 2 performance of any of its terms and conditions must be brought within  
 3 thirty (30) days after the later of:

4 (1) the public hearing described in subsection (c); or

5 (2) the publication of the notice of the execution and approval of  
 6 the lease described in subsection (d), if the lease is payable in  
 7 whole or in part from tax levies.

8 However, if the lease is payable in whole or in part from tax levies and  
 9 an appeal has been taken to the department of local government finance  
 10 **or county board of tax and capital projects review**, an action to  
 11 contest the validity or enjoin the performance must be brought within  
 12 thirty (30) days after the decision of the department of local  
 13 government finance **or county board of tax and capital projects**  
 14 **review**.

15 (j) If an authority exercises an option to buy an airport project from  
 16 a lessor, the authority may subsequently sell the airport project, without  
 17 regard to any other statute, to the lessor at the end of the lease term at  
 18 a price set forth in the lease or at fair market value established at the  
 19 time of the sale by the authority through auction, appraisal, or arms  
 20 length negotiation. If the airport project is sold at auction, after  
 21 appraisal, or through negotiation, the board shall conduct a hearing  
 22 after public notice in accordance with IC 5-3-1 before the sale. Any  
 23 action to contest the sale must be brought within fifteen (15) days of  
 24 the hearing.

25 SECTION 108. IC 11-10-2-3, AS AMENDED BY P.L.246-2005,  
 26 SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 27 UPON PASSAGE]: Sec. 3. (a) **Except as provided in subsections (b)**  
 28 **through (f)**, a county that commits an offender to the department shall  
 29 pay to the state treasurer, under IC 4-24-7-4, sixty dollars (\$60) for  
 30 each day for keeping the offender.

31 **(b) This subsection applies in 2008 if the result determined for**  
 32 **the county in STEP ONE of IC 12-19-7-4(b) for 2008 is positive.**  
 33 **The amount a county shall pay to the state treasurer under this**  
 34 **section shall be adjusted as provided in STEP TWO or STEP**  
 35 **THREE (as applicable) of the following STEPS:**

36 **STEP ONE: Determine the result of:**

37 **(1) the result determined for the county in STEP ONE of**  
 38 **IC 12-19-7-4(b) for 2008; minus**

1           (2) the amount the county would be required to pay to the  
2           state treasurer under this section, without any adjustment  
3           under this section.

4           **STEP TWO:** If the result in STEP ONE is positive, the county  
5           is not required to make a payment to the state treasurer  
6           under this section for the keeping of offenders for 2008.

7           **STEP THREE:** If the result in STEP ONE is negative, the  
8           amount the county is required to pay to the state treasurer  
9           under this section for the keeping of offenders for 2008 is  
10          equal to the result of:

11          (1) the amount the county would be required to pay to the  
12          state treasurer under this section for 2008, without any  
13          adjustment under this section; minus

14          (2) the result determined for the county in STEP ONE of  
15          IC 12-19-7-4(b) for 2008.

16          (c) This subsection applies in 2008 if the result determined for  
17          the county in STEP ONE of IC 12-19-7-4(b) for 2008 is negative.  
18          The amount the county is required to pay to the state treasurer  
19          under this section for the keeping of offenders for 2008 is equal to  
20          the amount determined under subsection (a), without any  
21          adjustment under this section.

22          (d) This subsection applies in a calendar year if the result  
23          determined for the county in STEP ONE of IC 12-19-7-4(d) for the  
24          calendar year is positive. The amount a county shall pay to the  
25          state treasurer under this section shall be adjusted as provided in  
26          STEP TWO or STEP FOUR (as applicable) of the following  
27          STEPS:

28          **STEP ONE:** Determine the result of:

29          (1) the result determined for the county in STEP ONE of  
30          IC 12-19-7-4(d) for the calendar year; minus

31          (2) the amount the county would be required to pay to the  
32          state treasurer under this section, without any adjustment  
33          under this section.

34          **STEP TWO:** If the result in STEP ONE is positive, the county  
35          is not required to make a payment to the state treasurer  
36          under this section for the keeping of offenders for the  
37          calendar year.

38          **STEP THREE:** If the result in STEP ONE is negative, the



amount the county is required to pay to the state treasurer under this section for the keeping of offenders for the calendar year is equal to the result of:

(1) the amount the county would have been required to pay to the state treasurer under this section for the keeping of offenders for 2008 under subsection (a), without any adjustment under this section; minus

(2) the result determined for the county in STEP ONE of IC 12-19-7-4(d) for the calendar year.

(e) This subsection applies in a calendar year if the result determined for the county in STEP ONE of IC 12-19-7-4(d) for the calendar year is negative. The amount a county shall pay to the state treasurer under this section is equal to the result of:

(1) the amount the county would be required to pay to the state treasurer under this section for the calendar year, without any adjustment under this section; minus

(2) the greater of zero (0) or the difference between:

(A) the amount the county would be required to pay to the state treasurer under this section for the calendar year, without any adjustment under this section; minus

(B) the amount the county would have been required to pay to the state treasurer under this section for the preceding calendar year, without any adjustment under this section.

~~(b)~~ (f) A county is not liable for services provided an offender under section 6 of this chapter or for the cost of keeping the offender while those services are being provided.

SECTION 109. IC 12-13-7-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) **Before January 1, 2008**, the part of the care and maintenance of the inmates of the Plainfield Juvenile Correctional Facility and the Indianapolis Juvenile Correctional Facility that under law is to be charged back to the counties shall be paid from the county general fund and not the county family and children's fund, unless otherwise provided by law.

(b) **After December 31, 2007, the cost of care and maintenance of the inmates of the Plainfield Juvenile Correctional Facility and the Indianapolis Juvenile Correctional Facility shall be adjusted as provided in IC 11-10-2-3.**

SECTION 110. IC 12-19-1.5-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.5. As used in this chapter, "implementation date" means the following:**

**(1) December 31, 1999, for pledges described in section 8(a) of this chapter.**

**(2) December 31, 2007, for pledges described in section 8(b) of this chapter.**

SECTION 111. IC 12-19-1.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. As used in this chapter, "replacement amount" means the sum of the property taxes imposed on the assessed value of property in the allocation area in excess of the base assessed value in **the following:**

**(1) 1999 for:**

~~(1)~~ **(A)** the county welfare fund; and

~~(2)~~ **(B)** the county welfare administration fund.

**(2) 2007 for the county family and children's fund property tax levy.**

SECTION 112. IC 12-19-1.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) This chapter applies to an allocation area in which:

(1) the holders of obligations received a pledge before July 1, 1999, of tax increment revenues to repay any part of the obligations due after December 31, 1999; and

(2) the elimination of a county welfare fund property tax levy or a county welfare administration fund property tax levy adversely affects the ability of the governing body to repay the obligations described in subdivision (1).

**(b) This chapter also applies to an allocation area in which:**

**(1) the holders of obligations received a pledge before May 15, 2007, of tax increment revenues to repay any part of the obligations due after December 31, 2007; and**

**(2) the elimination of any part of a county family and children fund property tax levy adversely affects the ability of the governing body to repay the obligations described in subdivision (1).**

~~(b)~~ **(c)** A governing body may use one (1) or more of the procedures described in sections 9 through 11 of this chapter to provide sufficient

1 funds to repay the obligations described in subsection (a). The amount  
 2 raised each year may not exceed the replacement amount.

3 SECTION 113. IC 12-19-1.5-9 IS AMENDED TO READ AS  
 4 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) A governing  
 5 body may, after a public hearing, impose a special assessment on the  
 6 owners of property that is located in an allocation area to repay a bond  
 7 or an obligation described in section 8 of this chapter that comes due  
 8 after ~~December 31, 1999~~ **the implementation date**. The amount of a  
 9 special assessment for a taxpayer shall be determined by multiplying  
 10 the replacement amount by a fraction, the denominator of which is the  
 11 total incremental assessed value in the allocation area, and the  
 12 numerator of which is the incremental assessed value of the taxpayer's  
 13 property in the allocation area.

14 (b) Before a public hearing under subsection (a) may be held, the  
 15 governing body must publish notice of the hearing under IC 5-3-1. The  
 16 notice must state that the governing body will meet to consider whether  
 17 a special assessment should be imposed under this chapter and whether  
 18 the special assessment will help the governing body realize the  
 19 redevelopment or economic development objectives for the allocation  
 20 area or honor its obligations related to the allocation area. The notice  
 21 must also name a date when the governing body will receive and hear  
 22 remonstrances and objections from persons affected by the special  
 23 assessment. All persons affected by the hearing, including all taxpayers  
 24 within the allocation area, shall be considered notified of the pendency  
 25 of the hearing and of subsequent acts, hearings, and orders of the  
 26 governing body by the notice. At the hearing, which may be adjourned  
 27 from time to time, the governing body shall hear all persons affected by  
 28 the proceedings and shall consider all written remonstrances and  
 29 objections that have been filed. The only grounds for remonstrance or  
 30 objection are that the special assessment will not help the governing  
 31 body realize the redevelopment or economic development objectives  
 32 for the allocation area or honor its obligations related to the allocation  
 33 area. After considering the evidence presented, the governing body  
 34 shall take final action concerning the proposed special assessment. The  
 35 final action taken by the governing body shall be recorded and is final  
 36 and conclusive, except that an appeal may be taken in the manner  
 37 prescribed by subsection (c).

38 (c) A person who filed a written remonstrance with a governing

body under subsection (b) and is aggrieved by the final action taken may, within ten (10) days after that final action, file in the office of the clerk of the circuit or superior court a copy of the order of the governing body and the person's remonstrance or objection against that final action, together with a bond conditioned to pay the costs of appeal if the appeal is determined against the person. The only ground of remonstrance or objection that the court may hear is whether the proposed assessment will help achieve the redevelopment of economic development objectives for the allocation area or honor its obligations related to the allocation area. An appeal under this subsection shall be promptly heard by the court without a jury. All remonstrances or objections upon which an appeal has been taken must be consolidated, heard, and determined within thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the remonstrances or objections, and may confirm the final action of the governing body or sustain the remonstrances or objections. The judgment of the court is final and conclusive, unless an appeal is taken as in other civil actions.

(d) The maximum amount of a special assessment under this section may not exceed the replacement amount.

(e) A special assessment shall be imposed and collected in the same manner as ad valorem property taxes are imposed and collected.

SECTION 114. IC 12-19-7-3, AS AMENDED BY P.L.234-2005, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A family and children's fund is established in each county. The fund shall be raised by a separate tax levy (the county family and children property tax levy) that:

- (1) is in addition to all other tax levies authorized; and
- (2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items, awards, claims, allowances, assistance, and other expenses set forth in the annual budget under section 6 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected.

(c) The following shall be paid into the county treasury and constitute the family and children's fund:

- (1) All receipts from the tax imposed under this section.
- (2) All grants-in-aid, whether received from the federal

government or state government.

**(3) Any family and children replacement distribution that is paid by the state to the county under IC 12-19-7.2 for 2008 and thereafter.**

~~(3)~~ **(4)** Any other money required by law to be placed in the fund.

(d) The fund is available for the purpose of paying expenses and obligations set forth in the annual budget that is submitted and approved.

(e) Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 115. IC 12-19-7-4, AS AMENDED BY P.L.234-2005, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) **Except as provided in subsections (b) through (f),** for taxes first due and payable in each year after 2005, each county shall impose a county family and children property tax levy equal to the county family and children property tax levy necessary to pay the costs of the child services of the county for the next fiscal year.

**(b) This subsection applies to a county in 2008 if the result determined for the county in STEP THREE of IC 20-45-3-11(b) for 2008 is positive. The county family and children property tax levy for calendar year 2008 shall be adjusted as provided in STEP TWO or STEP THREE (as applicable) of the following STEPS:**

**STEP ONE: Determine the result of:**

**(1) the result determined for the county in STEP THREE of IC 20-45-3-11(b) for 2008; minus**

**(2) the county family and children property tax levy to be imposed in 2008, as determined under subsection (a) before adjustment under this subsection.**

**STEP TWO: If the result in STEP ONE is positive:**

**(1) the county may not impose a county family and children property tax levy in 2008; and**

**(2) the state shall pay to the county a family and children replacement distribution under IC 12-19-7.2.**

**STEP THREE: If the result in STEP ONE is negative:**

**(1) the county family and children property tax levy to be imposed in 2008 is equal to the result of:**

**(A) the county family and children property tax levy to**

1           be imposed in 2008, as determined under subsection (a)  
2           before adjustment under this subsection; minus

3           (B) the result determined for the county in STEP  
4           THREE of IC 20-45-3-11(b) for 2008; and

5           (2) the state shall pay to the county a state family and  
6           children replacement distribution under IC 12-19-7.2.

7           (c) If the result determined for a county in STEP THREE of  
8           IC 20-45-3-11(b) for 2008 is negative:

9           (1) the county family and children property tax levy for 2008  
10          is the amount determined under subsection (a) for 2008,  
11          without any adjustment under this section; and

12          (2) the county is not entitled to a family and children  
13          replacement distribution under IC 12-19-7.2 for 2008.

14          (d) This subsection applies to a county in a calendar year after  
15          2008 if the result determined for the county in STEP THREE of  
16          IC 20-45-3-11(c) for the calendar year is positive. The county  
17          family and children property tax levy for the calendar year shall  
18          be adjusted as provided in STEP TWO or STEP FIVE (as  
19          applicable) of the following STEPS:

20          STEP ONE: Determine the result of:

21           (1) the result determined for the county in STEP THREE  
22           of IC 20-45-3-11(c) for the calendar year; minus

23           (2) the county family and children property tax levy that  
24           would have been imposed in 2008, as determined under  
25           subsection (a) before adjustment under subsection (b).

26          STEP TWO: If the STEP ONE amount is positive, determine  
27          the result of:

28           (1) the county family and children property tax levy to be  
29           imposed in the calendar year, as determined under  
30           subsection (a) without any adjustment under this  
31           subsection; minus

32           (2) the sum of:

33           (A) the county family and children property tax levy that  
34           would have been imposed in 2008, as determined under  
35           subsection (a) before adjustment under subsection (b);  
36           plus

37           (B) the greater of zero (0) or one-half (1/2) of the  
38           difference between:

- (i) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) without any adjustment under this subsection; minus
- (ii) the county family and children property tax levy that would have been imposed in the preceding calendar year, as determined under subsection (a) before any adjustment under this section.

The state shall pay to the county a family and children replacement distribution under IC 12-19-7.2 equal to the subdivision (2) amount.

**STEP THREE:** If the STEP ONE amount is negative, determine the result of STEPS FOUR through FIVE:

**STEP FOUR:** Determine the result of:

- (1) the county family and children property tax levy that would have been imposed in 2008, as determined under subsection (a) before adjustment under subsection (b); minus
- (2) the result determined for the county in STEP THREE of IC 20-45-3-11(c) for the calendar year.

**STEP FIVE:** Determine the sum of:

- (1) the STEP FOUR result; plus
- (2) the greater of zero (0) or one-half (1/2) of the difference between:
  - (A) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) before adjustment under this section; minus
  - (B) the county family and children property tax levy that would have been imposed in the preceding calendar year, as determined under subsection (a) before adjustment under this section.

If the STEP ONE amount is negative, the state shall pay to the county a family and children replacement distribution under IC 12-19-7.2 equal to the result determined in this STEP.

(e) This subsection applies to a county in a calendar year after 2008 if the result determined for the county in STEP THREE of IC 20-45-3-11(c) for the calendar year is negative. The county

family and children property tax levy for the calendar year is equal to the result of:

- (1) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) before adjustment under this section; minus
- (2) the greater of zero (0) or one-half (1/2) of the difference between:

- (A) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) before adjustment under this section; minus
- (B) the county family and children property tax levy that would have been imposed in the preceding calendar year, as determined under subsection (a) before adjustment under this section.

(f) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the county's family and children property tax levy under this section for the ensuing calendar year may not exceed the result of:

- (1) the county's family and children property tax levy as determined under subsections (a) through (e); minus
- (2) the greater of zero (0) or one-half (1/2) of the difference between:

- (A) the county family and children property tax levy to be imposed in the calendar year, as determined under subsection (a) before adjustment under this section; minus
- (B) the county family and children property tax levy that would have been imposed in the preceding calendar year, as determined under subsection (a) before adjustment under this section.

~~(b)~~ (g) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy and comply with



1 IC 6-1.1-17-3.

2 SECTION 116. IC 12-19-7.2 IS ADDED TO THE INDIANA  
3 CODE AS A NEW CHAPTER TO READ AS FOLLOWS  
4 [EFFECTIVE JULY 1, 2007]:

5 **Chapter 7.2. Family and Children Replacement Distributions**

6 **Sec. 1. (a) The department of local government finance shall**  
7 **before May 1 of each year after 2007 certify to the auditor of state**  
8 **the sum of the following amounts for each county for that year:**

9 **(1) For 2008:**

10 **(A) If STEP TWO of IC 12-19-7-4(b) applies to the county,**  
11 **the amount specified in STEP ONE (2) of IC 12-19-7-4(b).**

12 **(B) If STEP THREE of IC 12-19-7-4(b) applies to the**  
13 **county, the amount specified in STEP THREE (1)(B) of**  
14 **IC 12-19-7-4(b).**

15 **(2) For 2009 and thereafter:**

16 **(A) If STEP TWO of IC 12-19-7-4(d) applies to the county,**  
17 **the amount specified in STEP TWO (2) of IC 12-19-7-4(d).**

18 **(B) If STEP THREE of IC 12-19-7-4(d) applies to the**  
19 **county, the amount specified in STEP FIVE (2) of**  
20 **IC 12-19-7-4(d).**

21 **(C) If IC 12-19-7-4(e) applies to the county, the amount**  
22 **specified in IC 12-19-7-4(e)(2).**

23 **(b) The department of local government finance shall make the**  
24 **certifications based on the best information available at the time**  
25 **the certification is made.**

26 **Sec. 2. The amount certified under section 1 of this chapter for**  
27 **a county is the county's family and children replacement**  
28 **distribution for the year. However, the amount certified for a**  
29 **county may be adjusted by the department of local government**  
30 **finance.**

31 **Sec. 3. Before June 1 of each year, the auditor of state shall**  
32 **distribute to each county treasurer from the state general fund**  
33 **one-half (1/2) of the family and children replacement distribution**  
34 **for that year for the county. Before December 1 of that year, the**  
35 **auditor of state shall distribute to each county treasurer from the**  
36 **state general fund the remaining one-half (1/2) of the family and**  
37 **children replacement distribution for that year.**

38 **Sec. 4. The family and children replacement distribution under**

1       section 3 of this chapter shall be deposited in the county family and  
2       children's fund.

3       **Sec. 5. On or before December 31 of each year or as soon**  
4       **thereafter as possible, the department of local government finance**  
5       **shall make a final determination of the amount that should be**  
6       **distributed to each county under this chapter for the year. This**  
7       **determination is the final determination of distribution. The**  
8       **department of local government finance shall certify these amounts**  
9       **to the auditor of state and to each county treasurer. The auditor of**  
10       **state shall distribute to a county treasurer or receive back from the**  
11       **county treasurer any deficit or excess, as the case may be, between**  
12       **the sum of the child protection distributions made for that year**  
13       **and the final determination of distribution for that year.**

14       **Sec. 6. (a) All distributions required by this chapter shall be**  
15       **made by warrants issued by the auditor of the state to the**  
16       **treasurer of the state ordering the appropriate payments.**

17       **(b) There is annually appropriated from the state general fund**  
18       **an amount sufficient to make the distributions required by this**  
19       **chapter.**

20       SECTION 117. IC 12-19-7.5-6, AS AMENDED BY P.L.234-2005,  
21       SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
22       UPON PASSAGE]: Sec. 6. (a) **Except as provided by subsection (b),**  
23       for taxes first due and payable in each year after 2005, each county  
24       shall impose a county children's psychiatric residential treatment  
25       services property tax levy equal to the county children's psychiatric  
26       residential treatment services property tax levy necessary to pay the  
27       costs of children's psychiatric residential treatment services of the  
28       county for the next fiscal year.

29       **(b) This subsection applies only to property taxes first due and**  
30       **payable after December 31, 2007. This subsection applies only to**  
31       **a county for which a county adjusted gross income tax rate is first**  
32       **imposed or is increased in a particular year under IC 6-3.5-1.1-24**  
33       **or a county option income tax rate is first imposed or is increased**  
34       **in a particular year under IC 6-3.5-6-30. Notwithstanding any**  
35       **provision in this section or any other section of this chapter, for a**  
36       **county subject to this subsection, the maximum county children's**  
37       **psychiatric residential treatment services property tax levy for the**  
38       **ensuing calendar year is equal to the maximum county children's**

1     **psychiatric residential treatment services property tax levy in the**  
 2     **current year.**

3     ~~(b)~~ (c) The department of local government finance shall review  
 4     each county's property tax levy under this section and shall enforce the  
 5     requirements of this section with respect to that levy.

6     SECTION 118. IC 12-29-1-5 IS AMENDED TO READ AS  
 7     FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. All general Indiana  
 8     statutes relating to the following apply to the issuance of county bonds  
 9     under this chapter:

10       (1) The filing of a petition requesting the issuance of bonds.

11       (2) The giving of notice of the following:

12           (A) The filing of the petition requesting the issuance of the  
 13           bonds.

14           (B) The determination to issue bonds.

15           (C) A hearing on the appropriation of the proceeds of the  
 16           bonds.

17       (3) The right of taxpayers to appear and be heard on the proposed  
 18       appropriation.

19       (4) The approval of the appropriation by the department of local  
 20       government finance **(before January 1, 2009) or the county**  
 21       **board of tax and capital projects review (after December 31,**  
 22       **2008).**

23       (5) The right of taxpayers to remonstrate against the issuance of  
 24       bonds.

25     SECTION 119. IC 12-29-2-2 IS AMENDED TO READ AS  
 26     FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county  
 27     shall fund the operation of community mental health centers in the  
 28     amount determined under subsection (b), unless a lower tax levy  
 29     amount will be adequate to fulfill the county's financial obligations  
 30     under this chapter in any of the following situations:

31       (1) If the total population of the county is served by one (1)  
 32       center.

33       (2) If the total population of the county is served by more than one  
 34       (1) center.

35       (3) If the partial population of the county is served by one (1)  
 36       center.

37       (4) If the partial population of the county is served by more than  
 38       one (1) center.

(b) The amount of funding under subsection (a) for taxes first due and payable in a calendar year is the following:

(1) For 2004, the amount is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the amount that was levied within the county to comply with this section from property taxes first due and payable in 2002.

STEP TWO: Multiply the STEP ONE result by the county's assessed value growth quotient for the ensuing year 2003, as determined under IC 6-1.1-18.5-2.

STEP THREE: Multiply the STEP TWO result by the county's assessed value growth quotient for the ensuing year 2004, as determined under IC 6-1.1-18.5-2.

(2) **Except as provided in subsection (c)**, for 2005 and each year thereafter, the result equal to:

(A) the amount that was levied in the county to comply with this section from property taxes first due and payable in the calendar year immediately preceding the ensuing calendar year; multiplied by

(B) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2.

**(c) This subsection applies only to property taxes first due and payable after December 31, 2007. This subsection applies only to a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30. Notwithstanding any provision in this section or any other section of this chapter, for a county subject to this subsection, the county's maximum property tax levy under this section to fund the operation of community mental health centers for the ensuing calendar year is equal to the county's maximum property tax levy to fund the operation of community mental health centers for the current calendar year.**

SECTION 120. IC 13-18-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) If the offender is a municipal corporation, the cost of:

(1) acquisition, construction, repair, alteration, or extension of the necessary plants, machinery, or works; or

(2) taking other steps that are necessary to comply with the order; shall be paid out of money on hand available for these purposes or out of the general money of the municipal corporation not otherwise appropriated.

(b) If there is not sufficient money on hand or unappropriated, the necessary money shall be raised by the issuance of bonds. The bond issue is subject only to the approval of the department of local government finance **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008).**

SECTION 121. IC 14-30-2-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. The commission shall prepare an annual budget for the commission's operation and other expenditures under IC 6-1.1-17. However, the annual budget is not subject to review and modification by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of any county. Notwithstanding any other law, the budget of the commission shall be treated for all other purposes as if the appropriate county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** had approved the budget.

SECTION 122. IC 14-30-4-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) The commission shall prepare an annual budget for the commission's operation and other expenditures under IC 6-1.1-17. The annual budget is subject to review and modification by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** of any participating county.

(b) The commission is not eligible for funding through the Wabash River heritage corridor commission established by IC 14-13-6-6.

SECTION 123. IC 14-33-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The budget of a district:

(1) must be prepared and submitted:

(A) at the same time;

(B) in the same manner; and

(C) with notice;

as is required by statute for the preparation of budgets by

1 municipalities; and

2 (2) is subject to the same review by:

3 (A) the county board of tax adjustment **(before January 1,**  
 4 **2009) or the county board of tax and capital projects**  
 5 **review (after December 31, 2008);** and

6 (B) the department of local government finance;

7 as is required by statute for the budgets of municipalities.

8 (b) If a district is established in more than one (1) county:

9 (1) except as provided in subsection (c), the budget shall be  
 10 certified to the auditor of the county in which is located the court  
 11 that had exclusive jurisdiction over the establishment of the  
 12 district; and

13 (2) notice must be published in each county having land in the  
 14 district. Any taxpayer in the district is entitled to be heard before  
 15 the county board of tax adjustment **(before January 1, 2009) or**  
 16 **the county board of tax and capital projects review (after**  
 17 **December 31, 2008)** having jurisdiction.

18 (c) If one (1) of the counties in a district contains either a first or  
 19 second class city located in whole or in part in the district, the budget:

20 (1) shall be certified to the auditor of that county; and

21 (2) is subject to review at the county level only by the county  
 22 board of tax adjustment **(before January 1, 2009) or the county**  
 23 **board of tax and capital projects review (after December 31,**  
 24 **2008)** of that county.

25 SECTION 124. IC 20-43-3-5, AS ADDED BY P.L.2-2006,  
 26 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
 27 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) As used in this section,  
 28 "school corporation" does not include a charter school.

29 (b) A school corporation's adjusted tuition support levy for a  
 30 calendar year is the result determined using the following formula:

31 STEP ONE: Determine the school corporation's maximum  
 32 permissible tuition support levy.

33 STEP TWO: Determine the sum of the following:

34 (A) An amount equal to the annual decrease in federal aid to  
 35 impacted areas from the calendar year preceding the ensuing  
 36 calendar year by three (3) years to the year preceding the  
 37 ensuing calendar year by two (2) years.

38 (B) The part of the school corporation's maximum permissible

1           tuition support levy for the calendar year that equals the  
2           original amount of the levy imposed by the school corporation  
3           to cover the costs of opening a new school facility during the  
4           preceding calendar year.

5           (C) The part of the school corporation's maximum permissible  
6           tuition support levy for the calendar year that is added to the  
7           school corporation's maximum permissible tuition support levy  
8           in the calendar year to provide revenue for one (1) or more  
9           charter schools attended by students with legal settlement in  
10          the school corporation.

11          STEP THREE: Determine the **greater of zero (0) or** difference  
12          of:

13           (A) the STEP ONE amount; minus

14           (B) the STEP TWO amount.

15          SECTION 125. IC 20-44-2-2, AS ADDED BY P.L.2-2006,  
16          SECTION 167, IS AMENDED TO READ AS FOLLOWS  
17          [EFFECTIVE UPON PASSAGE]: Sec. 2. **Except as provided in**  
18          **IC 20-45-3-11**, each governing body may annually levy the amount of  
19          taxes that:

20           (1) in the judgment of the governing body; and

21           (2) after being made a matter of record in the minutes;

22          should be levied to produce income sufficient to conduct and carry on  
23          the public schools committed to the governing body.

24          SECTION 126. IC 20-45-2-1, AS ADDED BY P.L.2-2006,  
25          SECTION 168, IS AMENDED TO READ AS FOLLOWS  
26          [EFFECTIVE UPON PASSAGE]: Sec. 1. **Except as provided in**  
27          **IC 20-45-3-11**, the governing body of each school corporation shall  
28          levy a property tax for the school corporation's general fund.

29          SECTION 127. IC 20-45-2-3, AS ADDED BY P.L.2-2006,  
30          SECTION 168, IS AMENDED TO READ AS FOLLOWS  
31          [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) A school corporation that did  
32          not impose a general fund tax levy for the preceding calendar year may  
33          not collect a general fund tax levy for the ensuing calendar year until  
34          the general fund tax levy (and the related budget, appropriations, and  
35          general fund tax rate), after being adopted and advertised, is:

36           (1) considered by the proper county board of tax adjustment  
37           **(before January 1, 2009) or the county board of tax and**  
38           **capital projects review (after December 31, 2008)** as provided

1 by law;

2 (2) reviewed by the tax control board, which shall make its  
3 recommendations in respect to the general fund tax levy to the  
4 department; and

5 (3) approved by the department of local government finance.

6 (b) For purposes of this article, the school corporation's initial  
7 maximum permissible tuition support levy must be based on the taxes  
8 collectible in the first full calendar year after the approval.

9 (c) If territory is transferred from one (1) school corporation to  
10 another under IC 20-4-4 (before its repeal), IC 20-3-14 (before its  
11 repeal), IC 20-23-5, or IC 20-25-5, maximum permissible tuition  
12 support levy and the other terms used in this article shall be interpreted  
13 as though the assessed valuation of the territory had been transferred  
14 before March 1, 1977, in accordance with rules and a final  
15 determination by the department of local government finance.

16 SECTION 128. IC 20-45-3-1, AS ADDED BY P.L.2-2006,  
17 SECTION 168, IS AMENDED TO READ AS FOLLOWS  
18 [EFFECTIVE UPON PASSAGE]: Sec. 1. **Except as provided in**  
19 **IC 20-45-3-11**, a school corporation may impose a tuition support levy  
20 for the school corporation's general fund.

21 SECTION 129. IC 20-45-3-11, AS ADDED BY P.L.2-2006,  
22 SECTION 168, IS AMENDED TO READ AS FOLLOWS  
23 [EFFECTIVE UPON PASSAGE]: Sec. 11. **(a) Except as provided in**  
24 **subsections (b) and (c)**, a school corporation's tuition support levy for  
25 a calendar year is the sum of the following:

26 (1) The school corporation's equalized levy for the calendar year.

27 (2) An amount equal to the annual decrease in federal aid to  
28 impacted areas from the year preceding the ensuing calendar year  
29 by three (3) years to the year preceding the ensuing calendar year  
30 by two (2) years.

31 (3) The part of the maximum permissible tuition support levy for  
32 the year that equals the original amount of the levy by the school  
33 corporation to cover the costs of opening a new school facility or  
34 reopening an existing facility during the preceding year.

35 (4) The amount determined under STEP FOUR of the following  
36 formula:

37 STEP ONE: Determine the target revenue per ADM for each  
38 charter school that included at least one (1) student who has



1 legal settlement in the school corporation in the charter  
 2 school's current ADM.

3 STEP TWO: For each charter school, multiply the STEP ONE  
 4 amount by the number of students who have legal settlement  
 5 in the school corporation and who are included in the charter  
 6 school's current ADM.

7 STEP THREE: Determine the sum of the STEP TWO  
 8 amounts.

9 STEP FOUR: Multiply the STEP THREE amount by  
 10 thirty-five hundredths (0.35).

11 **(b) For calendar year 2008, the portion of a school corporation's**  
 12 **tuition support levy in a particular county (after the application of**  
 13 **any locally paid property tax replacement credits under**  
 14 **IC 6-3.5-1.1) shall be adjusted as provided in STEP FOUR or**  
 15 **STEP SIX (as applicable) of the following STEPS:**

16 **STEP ONE: Determine the state property tax replacement**  
 17 **amount under IC 6-1.1-21.1 for 2008 for the county in which**  
 18 **the school corporation is located.**

19 **STEP TWO: Determine the result of:**

20 **(1) the sum of the tuition support levies imposed in the county**  
 21 **in 2007, by all school corporations in the county in which the**  
 22 **school corporation is located; multiplied by**  
 23 **(2) one and thirty-five thousandths (1.035).**

24 **STEP THREE: Determine the result of:**

25 **(1) the STEP ONE amount; minus**  
 26 **(2) the STEP TWO amount.**

27 **STEP FOUR: If the STEP THREE amount is positive, the**  
 28 **school corporation's tuition support levy in the county for**  
 29 **2008 is zero dollars (\$0).**

30 **STEP FIVE: If the STEP THREE amount is negative,**  
 31 **determine the STEP SIX result.**

32 **STEP SIX: Determine the result of:**

33 **(1) the absolute value of the STEP THREE amount;**  
 34 **multiplied by**  
 35 **(2) the result of:**

36 **(A) the tuition support levy imposed in the county by the**  
 37 **school corporation in 2007; divided by**  
 38 **(B) the sum of the tuition support levies imposed in the**

1           county in 2007 by all school corporations in the county.  
 2           If the STEP THREE amount is negative, the school  
 3           corporation's tuition support levy in the county for 2008 is the  
 4           amount determined under this STEP.

5           (c) For calendar years after 2008, the portion of a school  
 6           corporation's tuition support levy in a particular county shall be  
 7           adjusted as provided in STEP FOUR or STEP SIX (as applicable)  
 8           of the following STEPS:

9           STEP ONE: Determine the greater of zero (0) or the  
 10          difference between the state property tax replacement amount  
 11          under IC 6-1.1-21.1 for the current calendar year and for the  
 12          preceding calendar year for the county in which the school  
 13          corporation is located.

14          STEP TWO: Determine the sum of the tuition support levies  
 15          imposed in the county in the preceding calendar year.

16          STEP THREE: Determine the result of:

17           (1) the STEP ONE amount; minus

18           (2) the STEP TWO amount.

19          STEP FOUR: If the STEP THREE amount is positive, the  
 20          school corporation's tuition support levy in the county for the  
 21          calendar year is equal to zero dollars (\$0).

22          STEP FIVE: If the STEP THREE amount is negative,  
 23          determine the STEP SIX result.

24          STEP SIX: Determine the result of:

25           (1) the absolute value of the STEP THREE amount;  
 26           multiplied by

27           (2) the result of:

28           (A) the result of:

29           (i) tuition support levy imposed in the county by the  
 30           school corporation in the preceding year; divided by

31           (ii) the sum of the tuition support levies imposed in the  
 32           county in the preceding calendar year by all the school  
 33           corporations in the county.

34          If the STEP THREE amount is negative, the school  
 35          corporation's tuition support levy in the county for the  
 36          calendar year is the amount determined under this STEP.

37          SECTION 130. IC 20-45-4-1, AS ADDED BY P.L.2-2006,  
 38          SECTION 168, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 1. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may not approve or recommend the approval of an excessive tax levy.

SECTION 131. IC 20-45-4-2, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. If a school corporation adopts or advertises an excessive tax levy, the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** that reviews the school corporation's budget, tax levy, and tax rate shall reduce the excessive tax levy to the maximum permissible tuition support levy.

SECTION 132. IC 20-45-4-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. If a county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** approves or recommends the approval of an excessive tax levy for a school corporation, the auditor of the county for which the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** is acting shall reduce the excessive tax levy to the maximum permissible tuition support levy. The reduction shall be set out in the notice required to be published by the county auditor under IC 6-1.1-17-12. An appeal shall be permitted as provided under IC 6-1.1-17 as modified by IC 6-1.1-19 and this article.

SECTION 133. IC 20-45-4-4, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. Appeals from any action of a county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008),** or a county auditor concerning a school corporation's budget, property tax levy, or property tax rate may be taken as provided for by IC 6-1.1-17 and IC 6-1.1-19. Notwithstanding IC 6-1.1-17 and IC 6-1.1-19, a school corporation may appeal to the department of local government finance for emergency financial relief for the ensuing calendar year at any time before:

(1) September 20; or

(2) in the case of a request described in IC 20-45-6-5 or IC 20-46-6-6, December 31; of the calendar year immediately preceding the ensuing calendar year.

SECTION 134. IC 20-45-5-3, AS ADDED BY P.L.2-2006, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. The tax control board shall, after the tax control board studies the appeal petition and related materials, recommend to the department of local government finance that:

(1) the order of the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, or the county auditor, in respect of the appellant school corporation's budget, tax levy, or tax rate for the ensuing calendar year, be approved;

(2) the order of the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, or the county auditor concerning the appellant school corporation's budget, tax levy, or tax rate for the calendar year be disapproved and that the appellant school corporation's budget, tax levy, or tax rate for the calendar year be:

(A) reduced; or

(B) increased;

as specified in the tax control board's recommendation; or

(3) combined with a recommendation allowed under subdivision (1) or (2), a new facility adjustment be granted to permit the school corporation's tuition support levy to be increased if the school corporation can show a need for the increase because of:

(A) the opening after December 31, 1972, of a new school facility; or

(B) the reopening after July 1, 1988, of an existing facility that:

(i) was not used for at least three (3) years immediately before the reopening; and

(ii) is reopened to provide additional classroom space.

SECTION 135. IC 20-45-6-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.5. The provisions of IC 20-45-3-11(b) through IC 20-45-3-11(c) that reduce or eliminate**

1 **a school corporation's tuition support levy do not prohibit a school**  
 2 **corporation from imposing an excessive tax levy authorized under**  
 3 **this chapter.**

4 SECTION 136. IC 20-45-6-2, AS ADDED BY P.L.2-2006,  
 5 SECTION 168, IS AMENDED TO READ AS FOLLOWS  
 6 [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) This section applies with  
 7 respect to every appeal petition of a school corporation that:

8 (1) is delivered to the tax control board by the department of local  
 9 government finance under IC 6-1.1-19-4.1; and

10 (2) includes a request for emergency financial relief.

11 (b) This section does not apply to an appeal petition described in  
 12 section 5 or 6 of this chapter.

13 (c) The tax control board shall, after studying the appeal petition  
 14 and related materials, make an appropriate recommendation to the  
 15 department of local government finance.

16 (d) If the appeal petition requests a referendum under IC 20-46-1,  
 17 the tax control board shall expedite the tax control board's review as  
 18 necessary to permit the referendum to be conducted without a special  
 19 election.

20 (e) In respect to the appeal petition, the tax control board may make  
 21 to the department of local government finance any of the  
 22 recommendations described in IC 20-45-5-3, subject to the limitations  
 23 described in IC 20-45-5-6.

24 (f) In addition to a recommendation under subsection (c) or (e), if  
 25 the tax control board concludes that the appellant school corporation  
 26 cannot, in a calendar year, carry out the public educational duty  
 27 committed to the appellant school corporation by law if the appellant  
 28 school corporation does not receive emergency financial relief for the  
 29 calendar year, the tax control board may recommend to the department  
 30 of local government finance that:

31 (1) the order of the county board of tax adjustment **(before**  
 32 **January 1, 2009), the county board of tax and capital projects**  
 33 **review (after December 31, 2008),** or the county auditor in  
 34 respect of the budget, tax levy, or tax rate of the appellant school  
 35 corporation be:

36 (A) approved; or

37 (B) disapproved and modified;

38 as specified in the tax control board's recommendation; and

(2) the appellant school corporation receive emergency financial relief from the state:

(A) on terms to be specified by the tax control board in the tax control board's recommendation; and

(B) in the form permitted under subsection (g).

(g) The tax control board may recommend emergency financial relief for a school corporation under subsection (f) in the form of:

(1) a grant or grants from any funds of the state that are available for that purpose;

(2) a loan or loans from any funds of the state that are available for that purpose;

(3) permission to the appellant school corporation to borrow funds from a source other than the state or assistance in obtaining the loan;

(4) an advance or advances of funds that will become payable to the appellant school corporation under any law providing for the payment of state funds to school corporations;

(5) permission to the appellant school corporation to:

(A) cancel any unpaid obligation of the appellant school corporation's general fund to the appellant school corporation's capital projects fund; or

(B) use for general fund purposes:

(i) any unobligated balance in the appellant school corporation's capital projects fund; and

(ii) the proceeds of any levy made or to be made by the school corporation for;

the school corporation's capital projects fund;

(6) permission to use, for general fund purposes, any unobligated balance in any debt service or other construction fund, including any unobligated proceeds of a sale of the school corporation's general obligation bonds; or

(7) a combination of the emergency financial relief described in subdivisions (1) through (6).

SECTION 137. IC 20-45-7-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1.5. The provisions of IC 20-45-3-11(b) through IC 20-45-3-11(c) that reduce or eliminate a school corporation's tuition support levy do not prohibit a county**

1 **council from imposing a tax under this chapter.**

2 SECTION 138. IC 20-45-7-20, AS ADDED BY P.L.2-2006,  
3 SECTION 168, IS AMENDED TO READ AS FOLLOWS  
4 [EFFECTIVE JULY 1, 2007]: Sec. 20. (a) The county auditor shall  
5 compute the amount of the tax to be levied each year. Before August  
6 2, the county auditor shall certify the amount to the county council.

7 (b) The tax rate shall be advertised and fixed by the county council  
8 in the same manner as other property tax rates. The tax rate shall be  
9 subject to all applicable law relating to review by the county board of  
10 tax adjustment **(before January 1, 2009) or the county board of tax**  
11 **and capital projects review (after December 31, 2008)** and the  
12 department of local government finance.

13 (c) The department of local government finance shall certify the tax  
14 rate at the time it certifies the other county tax rates.

15 (d) The department of local government finance shall raise or lower  
16 the tax rate to the tax rate provided in this chapter, regardless of  
17 whether the certified tax rate is below or above the tax rate advertised  
18 by the county.

19 SECTION 139. IC 20-45-8-1.5 IS ADDED TO THE INDIANA  
20 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
21 [EFFECTIVE UPON PASSAGE]: **Sec. 1.5. The provisions of**  
22 **IC 20-45-3-11(b) through IC 20-45-3-11(c) that reduce or eliminate**  
23 **a school corporation's tuition support levy do not prohibit a board**  
24 **of county commissioners from imposing a county supplemental**  
25 **school financing tax under this chapter.**

26 SECTION 140. IC 20-45-8-20, AS ADDED BY P.L.2-2006,  
27 SECTION 168, IS AMENDED TO READ AS FOLLOWS  
28 [EFFECTIVE JULY 1, 2007]: Sec. 20. The tax levy is subject to all  
29 laws concerning review by the county board of tax adjustment **(before**  
30 **January 1, 2009) or the county board of tax and capital projects**  
31 **review (after December 31, 2008)** and the department of local  
32 government finance.

33 SECTION 141. IC 20-46-1-18, AS ADDED BY P.L.2-2006,  
34 SECTION 169, IS AMENDED TO READ AS FOLLOWS  
35 [EFFECTIVE UPON PASSAGE]: Sec. 18. **(a)** A school corporation's  
36 levy may not be considered in the determination of the school  
37 corporation's state tuition support under IC 20-43 or the determination  
38 of the school corporation's maximum permissible tuition support levy

1 under IC 20-45-3.

2 **(b) The provisions of IC 20-45-3-11(b) through IC 20-45-3-11(c)**  
 3 **that reduce or eliminate a school corporation's tuition support levy**  
 4 **do not affect:**

5 **(1) the authority for voters to approve a referendum tax levy**  
 6 **in a referendum under this chapter; and**

7 **(2) the authority for a school corporation to collect a**  
 8 **referendum tax levy approved in a referendum under this**  
 9 **chapter.**

10 SECTION 142. IC 20-46-4-6, AS ADDED BY P.L.2-2006,  
 11 SECTION 169, IS AMENDED TO READ AS FOLLOWS  
 12 [EFFECTIVE UPON PASSAGE]: Sec. 6. **(a) Except as provided in**  
 13 **subsection (b), the levy may not exceed:**

14 (1) the amount determined by multiplying:

15 (A) the school corporation's levy for the fund for the previous  
 16 year under IC 21-2-11.5 (before its repeal) or this chapter, as  
 17 that levy was determined by the department of local  
 18 government finance in fixing the civil taxing unit's budget,  
 19 levy, and rate for that preceding calendar year under  
 20 IC 6-1.1-17 and after eliminating the effects of temporary  
 21 excessive levy appeals and any other temporary adjustments  
 22 made to the levy for the calendar year; by

23 (B) the assessed value growth quotient determined under  
 24 IC 6-1.1-18.5-2; plus

25 (2) in 2006 and 2007, the amount determined under section 9 of  
 26 this chapter.

27 **(b) This subsection applies only to property taxes first due and**  
 28 **payable after December 31, 2007. This subsection applies only to**  
 29 **a school corporation that is located in a county for which a county**  
 30 **adjusted gross income tax rate is first imposed or is increased in a**  
 31 **particular year under IC 6-3.5-1.1-24 or a county option income**  
 32 **tax rate is first imposed or is increased in a particular year under**  
 33 **IC 6-3.5-6-30. Notwithstanding any provision in this section or any**  
 34 **other section of this chapter and except as provided in subsection**  
 35 **(c), for a school corporation subject to this subsection, the**  
 36 **maximum levy under this section for the ensuing calendar year is**  
 37 **equal to the school corporation's maximum levy for the fund in the**  
 38 **current year.**



**(c) In the case of a school corporation that:**

**(1) is partially located in a county for which a county adjusted gross income tax rate is first imposed or is increased in a particular year under IC 6-3.5-1.1-24 or for which a county option income tax rate is first imposed or is increased in a particular year under IC 6-3.5-6-30; and**

**(2) is partially located in a county that is not described in subdivision (1);**

**the department of local government shall, notwithstanding subsection (b), adjust the portion of the school corporation's maximum levy under this section that is attributable (as determined by the department of local government finance) to the county or counties described in subdivision (2). The department of local government shall adjust this portion of the school corporation's maximum levy so that, notwithstanding subsection (g), this portion is allowed to increase as otherwise provided in this section. If the department of local government finance increases the school corporation's maximum levy under this subsection, any additional property taxes imposed by the school corporation under the increase in the maximum levy shall be paid only by the taxpayers in the county or counties described in subdivision (2).**

SECTION 143. IC 20-46-7-8, AS AMENDED BY P.L.192-2006, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) A school corporation must file a petition requesting approval from the department of local government finance to:

(1) incur bond indebtedness;

(2) enter into a lease rental agreement; or

(3) repay from the debt service fund loans made for the purchase of school buses under IC 20-27-4-5;

not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under IC 6-1.1-20-3.1(2), unless the school corporation demonstrates that a longer period is reasonable in light of the school corporation's facts and circumstances.

(b) A school corporation must obtain approval from the department of local government finance before the school corporation may:

(1) incur the indebtedness;

(2) enter into the lease agreement; or

1 (3) repay the school bus purchase loan.

2 (c) This restriction does not apply to property taxes that a school  
3 corporation levies to pay or fund bond or lease rental indebtedness  
4 created or incurred before July 1, 1974. In addition, this restriction does  
5 not apply to a lease agreement or a purchase agreement entered into  
6 between a school corporation and the Indiana bond bank for the lease  
7 or purchase of a school bus under IC 5-1.5-4-1(a)(5), if the lease  
8 agreement or purchase agreement conforms with the school  
9 corporation's ten (10) year school bus replacement plan approved by  
10 the department of local government finance under IC 21-2-11.5-3.1.

11 (d) This section does not apply to:

12 (1) school bus purchase loans made by a school corporation that  
13 will be repaid solely from the general fund of the school  
14 corporation; **or**

15 (2) **bonded indebtedness incurred or lease rental agreements**  
16 **entered into for capital projects approved by a county board**  
17 **of tax and capital projects review under IC 6-1.1-29.5 after**  
18 **December 31, 2008.**

19 SECTION 144. IC 20-46-7-9, AS ADDED BY P.L.2-2006,  
20 SECTION 169, IS AMENDED TO READ AS FOLLOWS  
21 [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) This section applies only to  
22 an obligation described in section 8 of this chapter. **This section does**  
23 **not apply to bonded indebtedness incurred or lease rental**  
24 **agreements entered into for capital projects approved by a county**  
25 **board of tax and capital projects review under IC 6-1.1-29.5 after**  
26 **December 31, 2008.**

27 (b) The department of local government finance may:

28 (1) approve;

29 (2) disapprove; or

30 (3) modify then approve;

31 a school corporation's proposed lease rental agreement, bond issue, or  
32 school bus purchase loan. Before the department of local government  
33 finance approves or disapproves a proposed lease rental agreement,  
34 bond issue, or school bus purchase loan, the department of local  
35 government finance may seek the recommendation of the tax control  
36 board.

37 (c) The department of local government finance shall render a  
38 decision not more than three (3) months after the date the department

1 of local government finance receives a request for approval under  
 2 section 8 of this chapter. However, the department of local government  
 3 finance may extend this three (3) month period by an additional three  
 4 (3) months if, at least ten (10) days before the end of the original three  
 5 (3) month period, the department of local government finance sends  
 6 notice of the extension to the executive officer of the school  
 7 corporation.

8 SECTION 145. IC 20-46-7-10, AS ADDED BY P.L.2-2006,  
 9 SECTION 169, IS AMENDED TO READ AS FOLLOWS  
 10 [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) This section applies only to  
 11 an obligation described in section 8 of this chapter. **This section does**  
 12 **not apply to bonded indebtedness incurred or lease rental**  
 13 **agreements entered into for capital projects approved by a county**  
 14 **board of tax and capital projects review under IC 6-1.1-29.5 after**  
 15 **December 31, 2008.**

16 (b) The department of local government finance may not approve a  
 17 school corporation's proposed lease rental agreement or bond issue to  
 18 finance the construction of additional classrooms unless the school  
 19 corporation first:

- 20 (1) establishes that additional classroom space is necessary; and
- 21 (2) conducts a feasibility study, holds public hearings, and hears
- 22 public testimony on using a twelve (12) month school term
- 23 (instead of the nine (9) month school term (as defined in
- 24 IC 20-30-2-7)) rather than expanding classroom space.

25 (c) A taxpayer may petition for judicial review of the final  
 26 determination of the department of local government finance under this  
 27 section. The petition must be filed in the tax court not more than thirty  
 28 (30) days after the department of local government finance enters its  
 29 order under this section.

30 SECTION 146. IC 36-7-14-27.5 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 27.5. (a) The  
 32 redevelopment commission may borrow money in anticipation of  
 33 receipt of the proceeds of taxes levied for the redevelopment district  
 34 bond fund and not yet collected, and may evidence this borrowing by  
 35 issuing warrants of the redevelopment district. However, the aggregate  
 36 principal amount of warrants issued in anticipation of and payable from  
 37 the same tax levy or levies may not exceed an amount equal to eighty  
 38 percent (80%) of that tax levy or levies, as certified by the department

1 of local government finance, or as determined by multiplying the rate  
 2 of tax as finally approved by the total assessed valuation (after  
 3 deducting all mortgage deductions) within the redevelopment district,  
 4 as most recently certified by the county auditor.

5 (b) The warrants may be authorized and issued at any time after the  
 6 tax or taxes in anticipation of which they are issued have been levied  
 7 by the redevelopment commission. For purposes of this section, taxes  
 8 for any year are considered to be levied upon adoption by the  
 9 commission of a resolution prescribing the tax levies for the year.  
 10 However, the warrants may not be delivered and paid for before final  
 11 approval of the tax levy or levies by the county board of tax adjustment  
 12 **(before January 1, 2009), the county board of tax and capital**  
 13 **projects review (after December 31, 2008)**, or, if appealed, by the  
 14 department of local government finance, unless the issuance of the  
 15 warrants has been approved by the department.

16 (c) All action that this section requires or authorizes the  
 17 redevelopment commission to take may be taken by resolution, which  
 18 need not be published or posted. The resolution takes effect  
 19 immediately upon its adoption by the redevelopment commission. An  
 20 action to contest the validity of tax anticipation warrants may not be  
 21 brought later than ten (10) days after the sale date.

22 (d) In their resolution authorizing the warrants, the redevelopment  
 23 commission must provide that the warrants mature at a time or times  
 24 not later than December 31 after the year in which the taxes in  
 25 anticipation of which the warrants are issued are due and payable.

26 (e) In their resolution authorizing the warrants, the redevelopment  
 27 commission may provide:

- 28 (1) the date of the warrants;
- 29 (2) the interest rate of the warrants;
- 30 (3) the time of interest payments on the warrants;
- 31 (4) the denomination of the warrants;
- 32 (5) the form either registered or payable to bearer, of the warrants;
- 33 (6) the place or places of payment of the warrants, either inside or
- 34 outside the state;
- 35 (7) the medium of payment of the warrants;
- 36 (8) the terms of redemption, if any, of the warrants, at a price not
- 37 exceeding par value and accrued interest;
- 38 (9) the manner of execution of the warrants; and

1 (10) that all costs incurred in connection with the issuance of the  
2 warrants may be paid from the proceeds of the warrants.

3 (f) The warrants shall be sold for not less than par value, after notice  
4 inviting bids has been published under IC 5-3-1. The redevelopment  
5 commission may also publish the notice in other newspapers or  
6 financial journals.

7 (g) Warrants and the interest on them are not subject to any  
8 limitation contained in section 25.1 of this chapter, and are payable  
9 solely from the proceeds of the tax levy or levies in anticipation of  
10 which the warrants were issued. The authorizing resolution must  
11 pledge a sufficient amount of the proceeds of the tax levy or levies to  
12 the payment of the warrants and the interest.

13 SECTION 147. IC 36-7-14-39, AS AMENDED BY P.L.154-2006,  
14 SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 2007]: Sec. 39. (a) As used in this section:

16 "Allocation area" means that part of a redevelopment project area  
17 to which an allocation provision of a declaratory resolution adopted  
18 under section 15 of this chapter refers for purposes of distribution and  
19 allocation of property taxes.

20 "Base assessed value" means the following:

21 (1) If an allocation provision is adopted after June 30, 1995, in a  
22 declaratory resolution or an amendment to a declaratory  
23 resolution establishing an economic development area:

24 (A) the net assessed value of all the property as finally  
25 determined for the assessment date immediately preceding the  
26 effective date of the allocation provision of the declaratory  
27 resolution, as adjusted under subsection (h); plus

28 (B) to the extent that it is not included in clause (A), the net  
29 assessed value of property that is assessed as residential  
30 property under the rules of the department of local government  
31 finance, as finally determined for any assessment date after the  
32 effective date of the allocation provision.

33 (2) If an allocation provision is adopted after June 30, 1997, in a  
34 declaratory resolution or an amendment to a declaratory  
35 resolution establishing a redevelopment project area:

36 (A) the net assessed value of all the property as finally  
37 determined for the assessment date immediately preceding the  
38 effective date of the allocation provision of the declaratory

1 resolution, as adjusted under subsection (h); plus  
 2 (B) to the extent that it is not included in clause (A), the net  
 3 assessed value of property that is assessed as residential  
 4 property under the rules of the department of local government  
 5 finance, as finally determined for any assessment date after the  
 6 effective date of the allocation provision.

7 (3) If:

8 (A) an allocation provision adopted before June 30, 1995, in  
 9 a declaratory resolution or an amendment to a declaratory  
 10 resolution establishing a redevelopment project area expires  
 11 after June 30, 1997; and  
 12 (B) after June 30, 1997, a new allocation provision is included  
 13 in an amendment to the declaratory resolution;  
 14 the net assessed value of all the property as finally determined for  
 15 the assessment date immediately preceding the effective date of  
 16 the allocation provision adopted after June 30, 1997, as adjusted  
 17 under subsection (h).

18 (4) Except as provided in subdivision (5), for all other allocation  
 19 areas, the net assessed value of all the property as finally  
 20 determined for the assessment date immediately preceding the  
 21 effective date of the allocation provision of the declaratory  
 22 resolution, as adjusted under subsection (h).

23 (5) If an allocation area established in an economic development  
 24 area before July 1, 1995, is expanded after June 30, 1995, the  
 25 definition in subdivision (1) applies to the expanded part of the  
 26 area added after June 30, 1995.

27 (6) If an allocation area established in a redevelopment project  
 28 area before July 1, 1997, is expanded after June 30, 1997, the  
 29 definition in subdivision (2) applies to the expanded part of the  
 30 area added after June 30, 1997.

31 Except as provided in section 39.3 of this chapter, "property taxes"  
 32 means taxes imposed under IC 6-1.1 on real property. However, upon  
 33 approval by a resolution of the redevelopment commission adopted  
 34 before June 1, 1987, "property taxes" also includes taxes imposed  
 35 under IC 6-1.1 on depreciable personal property. If a redevelopment  
 36 commission adopted before June 1, 1987, a resolution to include within  
 37 the definition of property taxes taxes imposed under IC 6-1.1 on  
 38 depreciable personal property that has a useful life in excess of eight

(8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;

or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid

1 into an allocation fund for that allocation area that may be used by  
 2 the redevelopment district only to do one (1) or more of the  
 3 following:

4 (A) Pay the principal of and interest on any obligations  
 5 payable solely from allocated tax proceeds which are incurred  
 6 by the redevelopment district for the purpose of financing or  
 7 refinancing the redevelopment of that allocation area.

8 (B) Establish, augment, or restore the debt service reserve for  
 9 bonds payable solely or in part from allocated tax proceeds in  
 10 that allocation area.

11 (C) Pay the principal of and interest on bonds payable from  
 12 allocated tax proceeds in that allocation area and from the  
 13 special tax levied under section 27 of this chapter.

14 (D) Pay the principal of and interest on bonds issued by the  
 15 unit to pay for local public improvements in or serving that  
 16 allocation area.

17 (E) Pay premiums on the redemption before maturity of bonds  
 18 payable solely or in part from allocated tax proceeds in that  
 19 allocation area.

20 (F) Make payments on leases payable from allocated tax  
 21 proceeds in that allocation area under section 25.2 of this  
 22 chapter.

23 (G) Reimburse the unit for expenditures made by it for local  
 24 public improvements (which include buildings, parking  
 25 facilities, and other items described in section 25.1(a) of this  
 26 chapter) in or serving that allocation area.

27 (H) Reimburse the unit for rentals paid by it for a building or  
 28 parking facility in or serving that allocation area under any  
 29 lease entered into under IC 36-1-10.

30 (I) Pay all or a part of a property tax replacement credit to  
 31 taxpayers in an allocation area as determined by the  
 32 redevelopment commission. This credit equals the amount  
 33 determined under the following STEPS for each taxpayer in a  
 34 taxing district (as defined in IC 6-1.1-1-20) that contains all or  
 35 part of the allocation area:

36 STEP ONE: Determine that part of the sum of the amounts  
 37 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),  
 38 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and



1 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

2 STEP TWO: Divide:

3 (i) that part of each county's eligible property tax  
4 replacement amount (as defined in IC 6-1.1-21-2) for that  
5 year as determined under IC 6-1.1-21-4 that is attributable  
6 to the taxing district; by

7 (ii) the STEP ONE sum.

8 STEP THREE: Multiply:

9 (i) the STEP TWO quotient; times

10 (ii) the total amount of the taxpayer's taxes (as defined in  
11 IC 6-1.1-21-2) levied in the taxing district that have been  
12 allocated during that year to an allocation fund under this  
13 section.

14 If not all the taxpayers in an allocation area receive the credit  
15 in full, each taxpayer in the allocation area is entitled to  
16 receive the same proportion of the credit. A taxpayer may not  
17 receive a credit under this section and a credit under section  
18 39.5 of this chapter in the same year.

19 (J) Pay expenses incurred by the redevelopment commission  
20 for local public improvements that are in the allocation area or  
21 serving the allocation area. Public improvements include  
22 buildings, parking facilities, and other items described in  
23 section 25.1(a) of this chapter.

24 (K) Reimburse public and private entities for expenses  
25 incurred in training employees of industrial facilities that are  
26 located:

27 (i) in the allocation area; and

28 (ii) on a parcel of real property that has been classified as  
29 industrial property under the rules of the department of local  
30 government finance.

31 However, the total amount of money spent for this purpose in  
32 any year may not exceed the total amount of money in the  
33 allocation fund that is attributable to property taxes paid by the  
34 industrial facilities described in this clause. The  
35 reimbursements under this clause must be made within three  
36 (3) years after the date on which the investments that are the  
37 basis for the increment financing are made.

38 The allocation fund may not be used for operating expenses of the

1 commission.

2 (3) Except as provided in subsection (g), before July 15 of each  
3 year the commission shall do the following:

4 (A) Determine the amount, if any, by which the base assessed  
5 value when multiplied by the estimated tax rate of the  
6 allocation area will exceed the amount of assessed value  
7 needed to produce the property taxes necessary to make, when  
8 due, principal and interest payments on bonds described in  
9 subdivision (2) plus the amount necessary for other purposes  
10 described in subdivision (2).

11 (B) Notify the county auditor of the amount, if any, of the  
12 amount of excess assessed value that the commission has  
13 determined may be allocated to the respective taxing units in  
14 the manner prescribed in subdivision (1). The commission  
15 may not authorize an allocation of assessed value to the  
16 respective taxing units under this subdivision if to do so would  
17 endanger the interests of the holders of bonds described in  
18 subdivision (2) or lessors under section 25.3 of this chapter.

19 (c) For the purpose of allocating taxes levied by or for any taxing  
20 unit or units, the assessed value of taxable property in a territory in the  
21 allocation area that is annexed by any taxing unit after the effective  
22 date of the allocation provision of the declaratory resolution is the  
23 lesser of:

- 24 (1) the assessed value of the property for the assessment date with  
25 respect to which the allocation and distribution is made; or  
26 (2) the base assessed value.

27 (d) Property tax proceeds allocable to the redevelopment district  
28 under subsection (b)(2) may, subject to subsection (b)(3), be  
29 irrevocably pledged by the redevelopment district for payment as set  
30 forth in subsection (b)(2).

31 (e) Notwithstanding any other law, each assessor shall, upon  
32 petition of the redevelopment commission, reassess the taxable  
33 property situated upon or in, or added to, the allocation area, effective  
34 on the next assessment date after the petition.

35 (f) Notwithstanding any other law, the assessed value of all taxable  
36 property in the allocation area, for purposes of tax limitation, property  
37 tax replacement, and formulation of the budget, tax rate, and tax levy  
38 for each political subdivision in which the property is located is the

1        lesser of:

2            (1) the assessed value of the property as valued without regard to  
3            this section; or

4            (2) the base assessed value.

5            (g) If any part of the allocation area is located in an enterprise zone  
6        created under IC 5-28-15, the unit that designated the allocation area  
7        shall create funds as specified in this subsection. A unit that has  
8        obligations, bonds, or leases payable from allocated tax proceeds under  
9        subsection (b)(2) shall establish an allocation fund for the purposes  
10       specified in subsection (b)(2) and a special zone fund. Such a unit  
11       shall, until the end of the enterprise zone phase out period, deposit each  
12       year in the special zone fund any amount in the allocation fund derived  
13       from property tax proceeds in excess of those described in subsection  
14       (b)(1) from property located in the enterprise zone that exceeds the  
15       amount sufficient for the purposes specified in subsection (b)(2) for the  
16       year. The amount sufficient for purposes specified in subsection (b)(2)  
17       for the year shall be determined based on the pro rata portion of such  
18       current property tax proceeds from the part of the enterprise zone that  
19       is within the allocation area as compared to all such current property  
20       tax proceeds derived from the allocation area. A unit that has no  
21       obligations, bonds, or leases payable from allocated tax proceeds under  
22       subsection (b)(2) shall establish a special zone fund and deposit all the  
23       property tax proceeds in excess of those described in subsection (b)(1)  
24       in the fund derived from property tax proceeds in excess of those  
25       described in subsection (b)(1) from property located in the enterprise  
26       zone. The unit that creates the special zone fund shall use the fund  
27       (based on the recommendations of the urban enterprise association) for  
28       programs in job training, job enrichment, and basic skill development  
29       that are designed to benefit residents and employers in the enterprise  
30       zone or other purposes specified in subsection (b)(2), except that where  
31       reference is made in subsection (b)(2) to allocation area it shall refer  
32       for purposes of payments from the special zone fund only to that part  
33       of the allocation area that is also located in the enterprise zone. Those  
34       programs shall reserve at least one-half (1/2) of their enrollment in any  
35       session for residents of the enterprise zone.

36            (h) The state board of accounts and department of local government  
37        finance shall make the rules and prescribe the forms and procedures  
38        that they consider expedient for the implementation of this chapter.

After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

**(j) Except as provided in section 3.5 of this chapter, in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000), if:**

**(1) a municipality annexes territory in a school corporation;**

**(2) before the effective date of the annexation none of the territory of the municipality is also territory of the school**

1           **corporation; and**

2           **(3) an allocation area is:**

3                 **(A) established in; or**

4                 **(B) expanded into;**

5           **the annexed territory after the effective date of the**  
6           **annexation;**

7           **property tax proceeds described in subsection (b)(2) derived from**  
8           **the annexed territory may be used only for expenditures in the**  
9           **annexed territory.**

10          SECTION 148. IC 36-7-15.1-26.9, AS AMENDED BY P.L.2-2006,  
11          SECTION 192, IS AMENDED TO READ AS FOLLOWS  
12          [EFFECTIVE JULY 1, 2007]: Sec. 26.9. (a) The definitions set forth  
13          in section 26.5 of this chapter apply to this section.

14          (b) The fiscal officer of the consolidated city shall publish in the  
15          newspaper in the county with the largest circulation all determinations  
16          made under section 26.5 or 26.7 of this chapter that result in the  
17          allowance or disallowance of credits. The publication of a  
18          determination made under section 26.5 of this chapter shall be made  
19          not later than June 20 of the year in which the determination is made.  
20          The publication of a determination made under section 26.7 of this  
21          chapter shall be made not later than December 5 of the year in which  
22          the determination is made.

23          (c) If credits are granted under section 26.5(g) or 26.5(h) of this  
24          chapter, whether in whole or in part, property taxes on personal  
25          property (as defined in IC 6-1.1-1-11) that are equal to the aggregate  
26          amounts of the credits for all taxpayers in the allocation area under  
27          section 26.5(g) and 26.5(h) of this chapter shall be:

28                 (1) allocated to the redevelopment district;

29                 (2) paid into the special fund for that allocation area; and

30                 (3) used for the purposes specified in section 26 of this chapter.

31          (d) The county auditor shall adjust the estimate of assessed  
32          valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing  
33          units in which the allocation area is located. The county auditor may  
34          amend this adjustment at any time before the earliest date a taxing unit  
35          must publish the unit's proposed property tax rate under IC 6-1.1-17-3  
36          in the year preceding the year in which the credits under section  
37          26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to  
38          the assessed valuation shall be:

(1) calculated to produce an estimated assessed valuation that will offset the effect that paying personal property taxes into the allocation area special fund under subsection (c) would otherwise have on the ability of a taxing unit to achieve the taxing unit's tax levy in the following year; and

(2) used by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)**, the department of local government finance, and each taxing unit in determining each taxing unit's tax rate and tax levy in the following year.

(e) The amount by which a taxing unit's levy is adjusted as a result of the county auditor's adjustment of assessed valuation under subsection (d), and the amount of the levy that is used to make direct payments to taxpayers under section 26.5(h) of this chapter, is not part of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to IC 6-1.1-20.

(f) The ad valorem property tax levy limits imposed by IC 6-1.1-18.5-3 and IC 20-45-3 do not apply to ad valorem property taxes imposed that are used to offset the effect of paying personal property taxes into an allocation area special fund during the taxable year under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter. For purposes of computing the ad valorem property tax levy limits imposed under IC 6-1.1-18.5-3 and IC 20-45-3, a taxing unit's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed to offset the effect of paying personal property taxes into an allocation area special fund under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter.

(g) Property taxes on personal property that are deposited in the allocation area special fund:

(1) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area; and

(2) may not be treated as property taxes used to pay interest or principal due on debt under IC 6-1.1-21-2(g)(1)(D).

SECTION 149. IC 36-8-6-5 IS AMENDED TO READ AS

1       FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) If the local board  
 2       determines that the total amount of money available for a year will be  
 3       insufficient to pay the benefits, pensions, and retirement allowances the  
 4       local board is obligated to pay under this chapter, the local board shall,  
 5       before the date on which the budget of the municipality is adopted,  
 6       prepare an itemized estimate in the form prescribed by the state board  
 7       of accounts of the amount of money that will be receipted into and  
 8       disbursed from the 1925 fund during the next fiscal year. The estimated  
 9       receipts consist of the items enumerated in section 4(a) of this chapter.  
 10       The estimated disbursements consist of an estimate of the amount of  
 11       money that will be needed by the local board during the next fiscal year  
 12       to defray the expenses and obligations incurred and that will be  
 13       incurred by the local board in making the payments prescribed by this  
 14       chapter to retired members, to members who are eligible to and expect  
 15       to retire during the ensuing fiscal year, and to the dependents of  
 16       deceased members.

17       (b) The local board may provide in its annual budget and pay all  
 18       necessary expenses of operating the 1925 fund, including the payment  
 19       of all costs of litigation and attorney fees arising in connection with the  
 20       fund, as well as the payment of benefits and pensions. Notwithstanding  
 21       any other law, neither the municipal legislative body, the county board  
 22       of tax adjustment (**before January 1, 2009**), **the county board of tax**  
 23       **and capital projects review (after December 31, 2008)**, nor the  
 24       department of local government finance may reduce an item of  
 25       expenditure.

26       (c) At the time when the estimates are prepared and submitted, the  
 27       local board shall also prepare and submit a certified statement showing:

28               (1) the name, age, and date of retirement of each retired member  
 29               and the monthly and yearly amount of the payment to which the  
 30               retired member is entitled;

31               (2) the name and age of each member who is eligible to and  
 32               expects to retire during the next fiscal year, the date on which the  
 33               member expects to retire, and the monthly and yearly amount of  
 34               the payment that the member will be entitled to receive; and

35               (3) the name and age of each dependent, the date on which the  
 36               dependent became a dependent, the date on which the dependent  
 37               will cease to be a dependent by reason of attaining the age at  
 38               which dependents cease to be dependents, and the monthly and

1           yearly amount of the payment to which the dependent is entitled.

2           (d) The total receipts shall be deducted from the total expenditures  
3       stated in the itemized estimate and the amount of the excess of the  
4       estimated expenditures over the estimated receipts shall be paid by the  
5       municipality in the same manner as other expenses of the municipality  
6       are paid. A tax levy shall be made annually for this purpose, as  
7       provided in subsection (e). The estimates submitted shall be prepared  
8       and filed in the same manner and form and at the same time that  
9       estimates of other municipal offices and departments are prepared and  
10      filed.

11          (e) The municipal legislative body shall levy an annual tax in the  
12      amount and at the rate that are necessary to produce the revenue to pay  
13      that part of the police pensions that the municipality is obligated to pay.  
14      All money derived from the levy is for the exclusive use of the police  
15      pensions and benefits. The amounts in the estimated disbursements, if  
16      found to be correct and in conformity with the data submitted in the  
17      certified statement, are a binding obligation upon the municipality. The  
18      legislative body shall make a levy for them that will yield an amount  
19      equal to the estimated disbursements, less the amount of the estimated  
20      receipts. Notwithstanding any other law, neither the county board of tax  
21      adjustment **(before January 1, 2009), the county board of tax and**  
22      **capital projects review (after December 31, 2008),** nor the  
23      department of local government finance may reduce the levy.

24          SECTION 150. IC 36-8-7-14 IS AMENDED TO READ AS  
25      FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The local board  
26      shall meet annually and prepare an itemized estimate, in the form  
27      prescribed by the state board of accounts, of the amount of money that  
28      will be receipted into and disbursed from the 1937 fund during the next  
29      fiscal year. The estimated receipts consist of the items enumerated in  
30      section 8 of this chapter. The estimated disbursements must be divided  
31      into two (2) parts, designated as part 1 and part 2.

32          (b) Part 1 of the estimated disbursements consists of an estimate of  
33      the amount of money that will be needed by the local board during the  
34      next fiscal year to defray the expenses and obligations incurred and that  
35      will be incurred by the local board in making the payments prescribed  
36      by this chapter to retired members, to members who are eligible to and  
37      expect to retire during the next fiscal year, and to the dependents of  
38      deceased members. Part 2 of the estimated disbursements consists of



1 an estimate of the amount of money that will be needed to pay death  
2 benefits and other expenditures that are authorized or required by this  
3 chapter.

4 (c) At the time when the estimates are prepared and submitted, the  
5 local board shall also prepare and submit a certified statement showing  
6 the following:

7 (1) The name, age, and date of retirement of each retired member  
8 and the monthly and yearly amount of the payment to which the  
9 retired member is entitled.

10 (2) The name and age of each member who is eligible to and  
11 expects to retire during the next fiscal year, the date on which the  
12 member expects to retire, and the monthly and yearly amount of  
13 the payment that the member will be entitled to receive.

14 (3) The name and the age of each dependent, the date on which  
15 the dependent became a dependent, the date on which the  
16 dependent will cease to be a dependent by reason of attaining the  
17 age at which dependents cease to be dependents, and the monthly  
18 and yearly amount of the payment to which the dependent is  
19 entitled.

20 (4) The amount that would be required for the next fiscal year to  
21 maintain level cost funding during the active fund members'  
22 employment on an actuarial basis.

23 (5) The amount that would be required for the next fiscal year to  
24 amortize accrued liability for active members, retired members,  
25 and dependents over a period determined by the local board, but  
26 not to exceed forty (40) years.

27 (d) The total receipts shall be deducted from the total expenditures  
28 as listed in the itemized estimate. The amount of the excess of the  
29 estimated expenditures over the estimated receipts shall be paid by the  
30 unit in the same manner as other expenses of the unit are paid, and an  
31 appropriation shall be made annually for that purpose. The estimates  
32 submitted shall be prepared and filed in the same manner and form and  
33 at the same time that estimates of other offices and departments of the  
34 unit are prepared and filed.

35 (e) The estimates shall be made a part of the annual budget of the  
36 unit. When revising the estimates, the executive, the fiscal officer, and  
37 other fiduciary officers may not reduce the items in part 1 of the  
38 estimated disbursements.

(f) The unit's fiscal body shall make the appropriations necessary to pay that proportion of the budget of the 1937 fund that the unit is obligated to pay under subsection (d). In addition, the fiscal body may make appropriations for purposes of subsection (c)(4), (c)(5), or both. All appropriations shall be made to the local board for the exclusive use of the 1937 fund. The amounts listed in part 1 of the estimated disbursements, if found to be correct and in conformity with the data submitted in the certified statement, are a binding obligation upon the unit. Notwithstanding any other law, neither the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce the appropriations made to pay the amount equal to estimated disbursements minus estimated receipts.

SECTION 151. IC 36-8-7-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. The 1937 fund may not be, either before or after an order for distribution to members of the fire department or to the surviving spouses or guardians of a child or children of a deceased, disabled, or retired member, held, seized, taken, subjected to, detained, or levied on by virtue of an attachment, execution, judgment, writ, interlocutory or other order, decree, or process, or proceedings of any nature issued out of or by a court in any state for the payment or satisfaction, in whole or in part, of a debt, damages, demand, claim, judgment, fine, or amercement of the member or the member's surviving spouse or children. The 1937 fund shall be kept and distributed only for the purpose of pensioning the persons named in this chapter. The local board may, however, annually expend an amount from the 1937 fund that it considers proper for the necessary expenses connected with the fund. Notwithstanding any other law, neither the fiscal body, the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce these expenditures.

SECTION 152. IC 36-8-7.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) If the local board determines that the total amount of money available for a year will be insufficient to pay the benefits, pensions, and retirement allowances the local board is obligated to pay under this chapter, the

1 local board shall, before the date on which the budget of the police  
2 special service district is adopted, prepare an itemized estimate in the  
3 form prescribed by the state board of accounts of the amount of money  
4 that will be receipted into and disbursed from the 1953 fund during the  
5 next fiscal year. The estimated receipts consist of the items enumerated  
6 in section 8 of this chapter. The estimated disbursements consist of an  
7 estimate of the amount of money that will be needed by the local board  
8 during the next fiscal year to defray the expenses and obligations  
9 incurred and that will be incurred by the local board in making the  
10 payments prescribed by this chapter to retired members, to members  
11 who are eligible and expect to retire during the ensuing fiscal year, and  
12 to the dependents of deceased members.

13 (b) At the time when the estimates are prepared and submitted, the  
14 local board shall also prepare and submit a certified statement showing:

15 (1) the estimated number of beneficiaries from the 1953 fund  
16 during the ensuing fiscal year in each of the various  
17 classifications of beneficiaries as prescribed in this chapter, and  
18 the names and amount of benefits being paid to those actively on  
19 the list of beneficiaries at that time;

20 (2) the name, age, and length of service of each member of the  
21 police department who is eligible to and expects to retire during  
22 the ensuing fiscal year, and the monthly and yearly amounts of the  
23 payment that the member will be entitled to receive; and

24 (3) the name and age of each dependent of a member of the police  
25 department who is then receiving benefits, the date on which the  
26 dependent commenced drawing benefits, and the date on which  
27 the dependent will cease to be a dependent by reason of attaining  
28 the age limit prescribed by this chapter, and the monthly and  
29 yearly amounts of the payments to which each of the dependents  
30 is entitled.

31 (c) After the amounts of receipts and disbursements shown in the  
32 itemized estimate are fixed and approved by the executive, fiscal  
33 officer, legislative body and other bodies, as provided by law for other  
34 municipal funds, the total receipts shall be deducted from the total  
35 expenditures stated in the itemized estimate, and the amount of the  
36 excess shall be paid by the police special service district in the same  
37 manner as other expenses of the district are paid. The legislative body  
38 shall levy a tax and the money derived from the levy shall, when

collected, be credited exclusively to the 1953 fund. The tax shall be levied in the amount and at the rate that is necessary to produce sufficient revenue to equal the deficit. Notwithstanding any other law, neither the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, nor the department of local government finance may reduce the tax levy.

SECTION 153. IC 36-8-11-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. (a) The board shall annually budget the necessary money to meet the expenses of operation and maintenance of the district, including repairs, fees, salaries, depreciation on all depreciable assets, rents, supplies, contingencies, bond redemption, and all other expenses lawfully incurred by the district. After estimating expenses and receipts of money, the board shall establish the tax levy required to fund the estimated budget.

(b) The budget must be approved by the fiscal body of the county, the county board of tax adjustment **(before January 1, 2009), the county board of tax and capital projects review (after December 31, 2008)**, and the department of local government finance.

(c) Upon approval by the department of local government finance, the board shall certify the approved tax levy to the auditor of the county having land within the district. The auditor shall have the levy entered on the county treasurer's tax records for collection. After collection of the taxes the auditor shall issue a warrant on the treasurer to transfer the revenues collected to the board, as provided by statute.

SECTION 154. IC 36-8-11-22.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22.1. (a) This section applies to a district that consists of a municipality that is located in two (2) counties.

(b) This section does not apply to a merged district under section 23 of this chapter.

(c) Sections 6 and 7 of this chapter apply to the petition.

(d) The board of fire trustees for the district shall be appointed as prescribed by section 12 of this chapter. However, the legislative body of each county within which the district is located shall jointly appoint one (1) trustee from each township or part of a township contained in the district and one (1) trustee from the municipality contained in the district. The legislative body of each county shall jointly appoint a

1 member to fill a vacancy.

2 (e) Sections 13, 14, and 15 of this chapter relating to the board of  
3 fire trustees apply to the board of the district. However, the county  
4 legislative bodies serving the district shall jointly decide where the  
5 board shall locate (or approve location of) its office.

6 (f) Sections 16, 17, 18, 19, and 21 of this chapter relating to the  
7 taxing district, bonds, annual budget, tax levies, and disbanding of fire  
8 departments apply to the district. However, the budget must be  
9 approved by the county fiscal body and county board of tax adjustment  
10 **(before January 1, 2009) or the county board of tax and capital**  
11 **projects review (after December 31, 2008)** in each county in the  
12 district. In addition, the auditor of each county in the district shall  
13 perform the duties described in section 18(c) of this chapter.

14 SECTION 155. IC 36-8-11-23 IS AMENDED TO READ AS  
15 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) Any fire  
16 protection district may merge with one (1) or more protection districts  
17 to form a single district if at least one-eighth (1/8) of the aggregate  
18 external boundaries of the districts coincide.

19 (b) The legislative body of the county where at least two (2) districts  
20 are located (or if the districts are located in more than one (1) county,  
21 the legislative body of each county) shall, if petitioned by freeholders  
22 in the two (2) districts, adopt an ordinance merging the districts into a  
23 single fire protection district.

24 (c) Freeholders who desire the merger of at least two (2) fire  
25 protection districts must initiate proceedings by filing a petition in the  
26 office of the county auditor of each county where a district is located.  
27 The petition must be signed:

28 (1) by at least twenty percent (20%), with a minimum of five  
29 hundred (500) from each district, of the freeholders owning land  
30 within the district; or

31 (2) by a majority of the freeholders from the districts;  
32 whichever is less.

33 (d) The petition described in subsection (c) must state the same  
34 items listed in section 7 of this chapter. Sections 6, 8, and 9 of this  
35 chapter apply to the petition and to the legislative body of each county  
36 in the proposed district.

37 (e) The board of fire trustees for each district shall form a single  
38 board, which shall continue to be appointed as prescribed by section 12

of this chapter. In addition, sections 13, 14, and 15 of this chapter relating to the board of fire trustees apply to the board of the merged district, except that if the merged district lies in more than one (1) county, the county legislative bodies serving the combined district shall jointly decide where the board shall locate (or approve relocation of) its office.

(f) Sections 16, 17, 18, 19, and 21 of this chapter relating to the taxing district, bonds, annual budget, tax levies, and disbanding of fire departments apply to a merged district. However, the budget must be approved by the county fiscal body and county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** in each county in the merged district. In addition, the auditor of each county in the district shall perform the duties described in section 18(c) of this chapter.

SECTION 156. IC 36-8-13-4.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4.7. (a) For a township that elects to have the township provide fire protection and emergency services under section 3(c) of this chapter, the department of local government finance shall adjust the township's maximum permissible levy in the year following the year in which the change is elected, as determined under IC 6-1.1-18.5-3, to reflect the change from providing fire protection or emergency services under a contract between the municipality and the township to allowing the township to impose a property tax levy on the taxable property located within the corporate boundaries of each municipality. For the ensuing calendar year, the township's maximum permissible property tax levy shall be increased by the product of:

- (1) one and five-hundredths (1.05); multiplied by
- (2) the amount the township contracted or billed to receive, regardless of whether the amount was collected:
  - (A) in the year in which the change is elected; and
  - (B) as fire protection or emergency service payments from the municipalities or residents of the municipalities covered by the election under section 3(c) of this chapter.

The maximum permissible levy for a general fund or other fund of a municipality covered by the election under section 3(c) of this chapter shall be reduced for the ensuing calendar year to reflect the change to allowing the township to impose a property tax levy on the taxable

property located within the corporate boundaries of the municipality. The total reduction in the maximum permissible levies for all electing municipalities must equal the amount that the maximum permissible levy for the township is increased under this subsection for contracts or billings, regardless of whether the amount was collected, less the amount actually paid from sources other than property tax revenue.

(b) For purposes of determining a township's and each municipality's maximum permissible ad valorem property tax levy under IC 6-1.1-18.5-3 for years following the first year after the year in which the change is elected, a township's and each municipality's maximum permissible ad valorem property tax levy is the levy after the adjustment made under subsection (a).

(c) The township may use the amount of a maximum permissible property tax levy computed under this section in setting budgets and property tax levies for any year in which the election in section 3(c) of this chapter is in effect. A county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** may not reduce a budget or tax levy solely because the budget or levy is based on the maximum permissible property tax levy computed under this section.

(d) Section 4.6 of this chapter does not apply to a property tax levy or a maximum property tax levy subject to this section.

SECTION 157. IC 36-8-15-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. (a) This subsection applies to a county not having a consolidated city. For the purpose of raising money to fund the operation of the district, the county fiscal body may impose, for property taxes first due and payable during each year after the adoption of an ordinance establishing the district, an ad valorem property tax levy on property within the district. The property tax rate for that levy may not exceed five cents (\$0.05) on each one hundred dollars (\$100) of assessed valuation.

(b) This subsection applies to a county having a consolidated city. The county fiscal body may elect to fund the operation of the district from part of the certified distribution, if any, that the county is to receive during a particular calendar year under IC 6-3.5-6-17. To make such an election, the county fiscal body must adopt an ordinance before September 1 of the immediately preceding calendar year. The county fiscal body must specify in the ordinance the amount of the certified

1 distribution that is to be used to fund the operation of the district. If the  
 2 county fiscal body adopts such an ordinance, it shall immediately send  
 3 a copy of the ordinance to the county auditor.

4 (c) Subject to subsections (d), (e), and (f), if an ordinance or  
 5 resolution is adopted changing the territory covered by the district or  
 6 the number of public agencies served by the district, the local  
 7 government tax control board **(before January 1, 2009) or the county**  
 8 **board of tax and capital projects review (after December 31, 2008)**  
 9 shall, for property taxes first due and payable during the year after the  
 10 adoption of the ordinance, adjust the maximum permissible ad valorem  
 11 property tax levy limits of the district and the units participating in the  
 12 district.

13 (d) If a unit by ordinance or resolution joins the district or elects to  
 14 have its public safety agencies served by the district, the local  
 15 government tax control board **(before January 1, 2009) or the county**  
 16 **board of tax and capital projects review (after December 31, 2008)**  
 17 shall reduce the maximum permissible ad valorem property tax levy of  
 18 the unit for property taxes first due and payable during the year after  
 19 the adoption of the ordinance or resolution. The reduction shall be  
 20 based on the amount budgeted by the unit for public safety  
 21 communication services in the year in which the ordinance was  
 22 adopted. If such an ordinance or resolution is adopted, the district shall  
 23 refer its proposed budget, ad valorem property tax levy, and property  
 24 tax rate for the following year to the board, which shall review and set  
 25 the budget, levy, and rate as though the district were covered by  
 26 IC 6-1.1-18.5-7.

27 (e) If a unit by ordinance or resolution withdraws from the district  
 28 or rescinds its election to have its public safety agencies served by the  
 29 district, the local government tax control board **(before January 1,**  
 30 **2009) or the county board of tax and capital projects review (after**  
 31 **December 31, 2008)** shall reduce the maximum permissible ad  
 32 valorem property tax levy of the district for property taxes first due and  
 33 payable during the year after the adoption of the ordinance or  
 34 resolution. The reduction shall be based on the amounts being levied  
 35 by the district within that unit. If such an ordinance or resolution is  
 36 adopted, the unit shall refer its proposed budget, ad valorem property  
 37 tax levy, and property tax rate for public safety communication services  
 38 to the board, which shall review and set the budget, levy, and rate as



1       though the unit were covered by IC 6-1.1-18.5-7.

2       (f) The adjustments provided for in subsections (c), (d), and (e) do  
3       not apply to a district or unit located in a particular county if the county  
4       fiscal body of that county does not impose an ad valorem property tax  
5       levy under subsection (a) to fund the operation of the district.

6       SECTION 158. IC 36-9-3-29 IS AMENDED TO READ AS  
7       FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 29. The board shall  
8       prepare an annual budget for the authority's operating and maintenance  
9       expenditures and necessary capital expenditures. Each annual budget  
10      is subject to review and modification by the:

11       (1) fiscal body of the county or municipality that establishes the  
12      authority; and

13       (2) county board of tax adjustment **(before January 1, 2009) or**  
14      **the county board of tax and capital projects review (after**  
15      **December 31, 2008)** and the department of local government  
16      finance under IC 6-1.1-17.

17      SECTION 159. IC 36-9-4-47 IS AMENDED TO READ AS  
18      FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 47. (a) The board of  
19      directors of a public transportation corporation may:

20       (1) borrow money in anticipation of receipt of the proceeds of  
21      taxes that have been levied by the board and have not yet been  
22      collected; and

23       (2) evidence this borrowing by issuing warrants of the  
24      corporation.

25      The money that is borrowed may be used by the corporation for  
26      payment of principal and interest on its bonds or for payment of current  
27      operating expenses.

28      (b) The warrants:

29       (1) bear the date or dates;

30       (2) mature at the time or times on or before December 31  
31      following the year in which the taxes in anticipation of which the  
32      warrants are issued are due and payable;

33       (3) bear interest at the rate or rates and are payable at the time or  
34      times;

35       (4) may be in the denominations;

36       (5) may be in the forms, either registered or payable to bearer;

37       (6) are payable at the place or places, either inside or outside  
38      Indiana;

1 (7) are payable in the medium of payment;

2 (8) are subject to redemption upon the terms, including a price not  
3 exceeding par and accrued interest; and

4 (9) may be executed by the officers of the corporation in the  
5 manner;

6 provided by resolution of the board of directors. The resolution may  
7 also authorize the board to pay from the proceeds of the warrants all  
8 costs incurred in connection with the issuance of the warrants.

9 (c) The warrants may be authorized and issued at any time after the  
10 board of directors levies the tax or taxes in anticipation of which the  
11 warrants are issued.

12 (d) The warrants may be sold for not less than par value after notice  
13 inviting bids has been published in accordance with IC 5-3-1. The  
14 board of directors may also publish the notice inviting bids in other  
15 newspapers or financial journals.

16 (e) After the warrants are sold, they may be delivered and paid for  
17 at one (1) time or in installments.

18 (f) The aggregate principal amount of warrants issued in  
19 anticipation of and payable from the same tax levy or levies may not  
20 exceed eighty percent (80%) of the levy or levies, as the amount of the  
21 levy or levies is certified by the department of local government  
22 finance, or as is determined by multiplying the rate of tax as finally  
23 approved by the total assessed valuation of taxable property within the  
24 taxing district of the public transportation corporation as most recently  
25 certified by the county auditor.

26 (g) For purposes of this section, taxes for any year are considered to  
27 be levied when the board of directors adopts the ordinance prescribing  
28 the tax levies for the year. However, warrants may not be delivered and  
29 paid for before final approval of a tax levy or levies by the county  
30 board of tax adjustment **(before January 1, 2009) or the county**  
31 **board of tax and capital projects review (after December 31, 2008)**  
32 (or, if appealed, by the department of local government finance) unless  
33 the issuance of the warrants has been approved by the department of  
34 local government finance.

35 (h) The warrants and the interest on them are not subject to sections  
36 43 and 44 of this chapter and are payable solely from the proceeds of  
37 the tax levy or levies in anticipation of which the warrants were issued.  
38 The authorizing resolution must pledge a sufficient amount of the

proceeds of the tax levy or levies to the payment of the warrants and the interest.

(i) All actions of the board of directors under this section may be taken by resolution, which need not be published or posted. The resolution takes effect immediately upon its adoption by a majority of the members of the board of directors.

(j) An action to contest the validity of any tax anticipation warrants may not be brought later than ten (10) days after the sale date.

SECTION 160. IC 36-9-13-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 35. The annual operating budget of a building authority is subject to review by the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** and then by the department of local government finance as in the case of other political subdivisions.

SECTION 161. IC 36-12-14-2, AS ADDED BY P.L.199-2005, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed operating budget and property tax levy for the operating budget to the following fiscal body at least fourteen (14) days before the first meeting of the county board of tax adjustment **(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)** under IC 6-1.1-29-4:

(1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.

(2) If the library district:

(A) is not described by subdivision (1); and

(B) is located entirely within the boundaries of a township; the fiscal body of the township.

(3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located.

SECTION 162. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2008]: IC 6-1.1-21-1; IC 6-1.1-21-2.5; IC 6-1.1-21-3; IC 6-1.1-21-4; IC 6-1.1-21-5; IC 6-1.1-21-5.5; IC 6-1.1-21-7; IC 6-1.1-21-8; IC 6-1.1-21-9; IC 6-1.1-21-10; IC 6-1.1-21-11.

1       SECTION 163. [EFFECTIVE JULY 1, 2007] **IC 6-1.1-29.5, as**  
2 **added by this act, does not apply to any of the following:**

3           **(1) The issuance of bonds or other obligations or the entering**  
4 **into a lease, if the preliminary determination to issue the**  
5 **bonds or other obligations or to enter into the lease is made**  
6 **before January 1, 2009.**

7           **(2) The construction of a capital project, if the construction**  
8 **begins before January 1, 2009.**

9           **(3) The entering into a contract for the construction of a**  
10 **capital project, if the contract is entered into before January**  
11 **1, 2009.**

12           **(4) The procuring of supplies necessary for construction of a**  
13 **capital project, if the supplies are procured or a contract for**  
14 **the procuring of the supplies is entered into before January 1,**  
15 **2009.**

16       SECTION 164. [EFFECTIVE JULY 1, 2007] **(a) Any matter**  
17 **pending before a county board of tax adjustment on December 31,**  
18 **2008, is transferred to the county board of tax and capital projects**  
19 **review for that county on January 1, 2009.**

20           **(b) Any property and obligations of a county board of tax**  
21 **adjustment on December 31, 2008, are transferred to the county**  
22 **board of tax and capital projects review for that county on**  
23 **January 1, 2009.**

24           **(c) Each county board of tax adjustment is abolished on**  
25 **December 31, 2008. The term of a member serving on a county**  
26 **board of tax adjustment on December 31, 2008, expires December**  
27 **31, 2008.**

28           **(d) This SECTION4 expires January 1, 2009.**

29       SECTION 165. [EFFECTIVE UPON PASSAGE] **(a) The property**  
30 **tax replacement fund established by IC 6-1.1-21-1 is abolished on**  
31 **December 31, 2007.**

32           **(b) The balance in the property tax replacement fund at the**  
33 **close of business on December 31, 2007, shall be transferred to the**  
34 **state general fund.**

35           **(c) After December 31, 2007, a reference to the property tax**  
36 **replacement fund in a statute, rule, or other document is**  
37 **considered a reference to the state general fund.**

38           **(d) Any amounts due and payable from the property tax**

1 replacement fund (including any settlement amounts to be paid to  
2 counties under IC 6-1.1-21-9) on December 31, 2007, shall, after  
3 December 31, 2007, be due and payable from the state general  
4 fund.

5 (e) Any amounts payable to the property tax replacement fund  
6 (including any settlement amounts to be paid by counties under  
7 IC 6-1.1-21-9) on December 31, 2007, shall, after December 31,  
8 2007, be payable to the state general fund.

9 (f) Any appropriations from the property tax replacement fund  
10 on December 31, 2007, shall, after December 31, 2007, be  
11 considered appropriations from the state general fund.

12 (g) Notwithstanding any other provision, property tax  
13 replacement credits may not be paid from the property tax  
14 replacement fund for property taxes first due and payable after  
15 December 31, 2007.

16 (h) Notwithstanding any other provision, homestead credits for  
17 property taxes first due and payable after December 31, 2007, shall  
18 be paid from the state general fund in the same manner as  
19 homestead credits were payable from the property tax replacement  
20 fund before the property tax replacement fund was abolished.

21 SECTION 166. [EFFECTIVE UPON PASSAGE] (a) The property  
22 tax replacement fund board established by IC 6-1.1-21-10 is  
23 abolished on December 31, 2007.

24 (b) After December 31, 2007, a reference to the property tax  
25 replacement fund board in a statute, rule, or other document is  
26 considered a reference to the budget agency.

27 SECTION 167. [EFFECTIVE UPON PASSAGE] (a) The  
28 legislative services agency shall prepare legislation for introduction  
29 in the 2008 regular session of the general assembly to organize and  
30 correct statutes affected by this act, if necessary.

31 (b) This SECTION expires January 1, 2009.

32 SECTION 168. [EFFECTIVE UPON PASSAGE] An ordinance  
33 adopted before April 1, 2007, under IC 6-3.5-1.1, IC 6-3.5-6, and  
34 IC 6-3.5-7, all as in effect before amendment by this act, takes  
35 effect October 1, 2007, and not July 1, 2007.

36 SECTION 169. [EFFECTIVE UPON PASSAGE] (a) As used in  
37 this SECTION, "committee" refers to the annexation study  
38 committee established by this SECTION.

1       (b) The annexation study committee is established. The  
2 committee shall study:

3       (1) revising the statutes concerning municipal annexation of  
4 territory. The committee's study may not include the  
5 annexation statutes in IC 36-3-2; and

6       (2) whether "one and fifteen hundredths (1.15)" in STEP  
7 THREE of IC 6-1.1-18.5-3(a) and STEP THREE of  
8 IC 6-1.1-18.5-3(b) is sufficient to raise adequate property  
9 taxes for a municipality annexing territory.

10       (c) The committee consists of sixteen (16) members appointed as  
11 follows:

12       (1) Two (2) members of the house of representatives  
13 appointed by the speaker of the house of representatives.

14       (2) Two (2) members of the house of representatives  
15 appointed by the minority leader of the house of  
16 representatives.

17       (3) Two (2) members of the senate appointed by the president  
18 pro tempore of the senate.

19       (4) Two (2) members of the senate appointed by the minority  
20 leader of the senate.

21       (5) One (1) member who is a member of the city council of a  
22 second class city appointed by the president pro tempore of  
23 the senate.

24       (6) One (1) member who is a member of the city council of a  
25 third class city appointed by the speaker of the house of  
26 representatives.

27       (7) One (1) member who is a member of the town council of a  
28 town that is not located in Marion County appointed by the  
29 president pro tempore of the senate.

30       (8) One (1) member who is a member of a county council of a  
31 county other than Marion County appointed by the speaker  
32 of the house of representatives.

33       (9) Two (2) members representing township government from  
34 a county other than Marion County. The speaker of the house  
35 of representatives and the president pro tempore of the senate  
36 shall each appoint one (1) member.

37       (10) Two (2) members of the public that have experience in  
38 preparing an annexation remonstrance. The speaker of the

1           house of representatives and the president pro tempore of the  
2           senate shall each appoint one (1) member.

3           (d) Not more than one (1) member appointed under subsection  
4           (c)(9) and one (1) member appointed under subsection (c)(10) may  
5           be from the same political party.

6           (e) The legislative services agency shall staff the committee.

7           (f) The committee shall operate under the rules and procedures  
8           of the legislative council for study committees.

9           (g) Each member of the committee who is not a member of the  
10          general assembly is not entitled to the minimum salary per diem  
11          provided by IC 4-10-11-2.1(b). The member is, however, entitled to  
12          reimbursement for traveling expenses as provided under  
13          IC 4-13-1-4 and other expenses actually incurred in connection  
14          with the member's duties as provided in the state policies and  
15          procedures established by the Indiana department of  
16          administration and approved by the budget agency.

17          (h) Each member of the committee who is a member of the  
18          general assembly is entitled to receive the same per diem, mileage,  
19          and travel allowances paid to legislative members of interim study  
20          committees established by the legislative council. Per diem,  
21          mileage, and travel allowances paid under this subsection shall be  
22          paid from appropriations made to the legislative council or the  
23          legislative services agency.

24          (i) The affirmative votes of a majority of the legislator members  
25          of the committee are required for the committee to take action on  
26          any recommendation.

27          (j) The chairman of the legislative council shall appoint a  
28          member of the committee to serve as chairperson.

29          (k) The committee shall prepare and submit a written report of  
30          the committee's findings in an electronic format under IC 5-14-6  
31          to the legislative council not later than November 1, 2007.

32          (l) This SECTION expires November 2, 2007.

33          SECTION 170. [EFFECTIVE UPON PASSAGE] Notwithstanding  
34          the provisions in IC 6-3.5-6, as amended by this act, specifying that  
35          an ordinance establishing or increasing the rate of a county option  
36          income tax in 2007 must be adopted before April 1, 2007, an  
37          ordinance adopted in 2007 to establish an additional rate under  
38          IC 6-3.5-6-33, as added by this act, may be adopted before June 1,

1     **2007. An ordinance authorized under this SECTION must be**  
2     **adopted in the same manner as an ordinance under IC 6-3.5-6, as**  
3     **amended by this act. An ordinance adopted under this SECTION**  
4     **is effective on the later of the following:**  
5         **(1) July 1, 2007.**  
6         **(2) Fifteen (15) regular business days after the department of**  
7         **state revenue receives a certified copy of the ordinance from**  
8         **the county auditor.**  
9     **SECTION 171. [EFFECTIVE JULY 1, 2008] IC 6-1.1-12-37, as**  
10    **amended by this act, applies to property taxes first due and**  
11    **payable after December 31, 2007.**  
12    **SECTION 172. An emergency is declared for this act.**  
13    Renumber all SECTIONS consecutively.  
(Reference is to HB 1478 as printed February 16, 2007.)

**and when so amended that said bill do pass.**

Committee Vote: Yeas 12, Nays 0.

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**Kenley**

**Chairperson**